

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 30 2013

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET ASSETS--ENTERPRISE FUND MARCH 31, 2012	15
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2012	16
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2012	17
NOTES TO THE FINANCIAL STATEMENTS	19
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	31
EXHIBIT I - Combining Statement of Net Assets--Enterprise Fund March 31, 2012	33
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Fund Net Assets--Enterprise Fund For the Year Ended March 31, 2012	34
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2012	36
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet March 31, 2012	37
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended March 31, 2012	41

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SCHEDULE IV - Statement of Capital Fund Program Costs (Incomplete) From Inception through March 31, 2012.....	46
SCHEDULE V - Statement of Capital Fund Program Costs (Complete) From Inception through March 31, 2012	47
SCHEDULE VI - Statement of Capital Fund Stimulus Grant (Complete) From Inception through March 31, 2012.....	48
 INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	 49
 INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	 53
 SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2012:	
Section I - Summary of Auditors' Results	57
Section II - Financial Statement Findings and Questioned Costs	59
Section III - Federal Award Findings and Questioned Costs	78
Section IV - Status of Prior Years' Audit Findings and Questioned Costs	111
Section V - Other Matters	172
 EXIT CONFERENCE	 184



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INDEPENDENT AUDITORS' REPORT

**Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana**

We have audited the accompanying statement of net assets- enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows- enterprise fund of Housing Authority of the City of Slidell (the Authority) as of and for the year ended March 31, 2012. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana
Page 2

As further discussed in NOTE 18, our opinion is qualified as to the completeness of documentation to support adjustments recorded by the Authority in the amount of \$631,956 to reconcile a prior year out-of-balance condition in interfund. The Authority also posted \$1,047,429 to net assets within its restricted and unrestricted categories, and cash balance for the Disaster Housing Assistance Program for which we are unable to ascertain completeness in documentation to support the associated adjustments.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the completeness of cash, interfund activities, and net assets, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2012, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana
Page 3

The management's discussion and analysis on pages 4 through 14 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the accompanying financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. However, we did not audit the information and express no opinion on it or provide any assurance because the limited procedures do not provide us with sufficient evidence.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 28, 2012



HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Housing Authority of the City of Slidell (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities by \$10,276,724 and \$10,549,291 at March 31, 2012 and 2011 (*net assets*). Of these amounts, \$3,292,596 and \$4,314,400 at March 31, 2012 and 2011 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and creditors.

Restricted net assets were \$1,110,845 and \$377,716 at March 31, 2012 and 2011.

The Authority's enterprise fund reported net assets of \$10,276,724 and \$10,549,291 at March 31, 2012 and 2011 a decrease in net assets of \$272,567 at 2012 and \$7,042, at 2011, respectively. These changes are primarily attributable to the financial impact of HUD's funding levels, changes in operating income, and prior period adjustments.

The Authority had dwelling rental revenues and fees of \$221,619 and \$109,129 for the years ended March 31, 2012 and 2011 respectively, subsidies and capital grant revenues were \$4,857,992 and \$4,410,797, respectively and non-operating revenues of \$526,245 and \$631,312. Total operating expenses for years ended March 31, 2012 and 2011 were \$5,098,522 and \$4,908,755.

HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating and capital grants from the Federal government and dwelling rental constitutes 90.6% for 2012 and 87.74% for 2011, respectively of the Authority's total operating revenues. Non-operating revenues for the years ended March 31, 2012 and 2011 were 9.4% and 12.26%.

The Authority continues to operate without the need for debt borrowings through the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Authority is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, April 1, 2004, the Authority adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances, "Is the Authority as a whole better off, or worse off, as a result of the achievements of fiscal years 2012 and 2011? The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has three federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing Program - The Authority's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Section 8 Housing Assistance - Housing Choice Voucher Program - The Housing Choice Voucher Program assist low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. The Authority is paid by HUD to administer the program.

Disaster Housing Assistance Program - This program provides transitional housing for families impacted by events caused by hurricane storms.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for the Authority's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of the Authority's units.

HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

USING THIS ANNUAL REPORT

The Authority's annual report consists of financial statements that show information about the Authority's enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND

The Authority's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Authority may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

The Authority's enterprise fund used the following accounting approach:

Proprietary Funds - All of The Authority's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS

The Authority's net assets were \$10,276,724 and \$10,549,291 at March 31, 2012 and 2011, respectively. Of this amount, \$3,292,596 and \$4,314,400 was unrestricted. The unrestricted net assets of the Authority are available for future use to provide program services. Restricted net assets were \$1,110,845 and \$377,716 at March 31, 2012 and 2011, respectively, are reserved for future housing assistance payments.

**Table 1
Condensed Statement of Net Assets**

The following table represents a condensed Statement of Net Assets as of March 31, 2012 and 2011:

Condensed Statement of Net Assets March 31		
	<u>Assets</u>	
	<u>2012</u>	<u>2011</u>
Current assets	\$ 5,038,328	\$ 6,091,169
Capital assets, net	<u>5,873,283</u>	<u>5,857,175</u>
Total assets	<u>10,911,611</u>	<u>11,948,344</u>
	<u>Liabilities</u>	
Current liabilities	<u>634,887</u>	<u>1,399,053</u>
Total liabilities	<u>634,887</u>	<u>1,399,053</u>
	<u>Net Assets</u>	
Net assets:		
Invested in capital assets, net	5,873,283	5,857,175
Restricted	1,110,845	377,716
Unrestricted	<u>3,292,596</u>	<u>4,314,400</u>
Total net assets	<u>\$10,276,724</u>	<u>\$10,549,291</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Table 2

Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended March 31, 2012 and 2011:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended March 31**

	<u>2012</u>	<u>2011</u>
Revenues:		
Operating revenues	\$ <u>4,719,331</u>	\$ <u>4,315,188</u>
Total operating revenues	<u>4,719,331</u>	<u>4,315,188</u>
Expenses:		
Operating expenses	(<u>5,098,522</u>)	(<u>4,908,755</u>)
Total operating expenses	(<u>5,098,522</u>)	(<u>4,908,755</u>)
Operating income (loss)	<u>(379,191)</u>	<u>(593,567)</u>
Non-operating revenues:		
Non-operating revenues	<u>526,245</u>	<u>631,312</u>
Total non-operating revenues	<u>526,245</u>	<u>631,312</u>
Capital contributions:		
Capital contributions	<u>360,280</u>	<u>204,738</u>
Total capital contributions	<u>360,280</u>	<u>204,738</u>
Change in net assets	507,334	242,483
Beginning net assets, as restated	<u>9,769,390</u>	<u>10,306,808</u>
Ending net assets	<u>\$10,276,724</u>	<u>\$10,549,291</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net assets decreased by 2.6% from 2011 to 2012.

That change in 2012 is primarily due to the net impact of prior period adjustments to address interfund of out-of-balance.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2012 increased by \$454,618 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$109,129 in 2011 to \$221,619 in 2012, primarily because of a combination of changes in tenants' personal income levels which serves as a basis for tenant rent level calculation payments and the significant level of leased-up at the Washington Heights.
- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs increased from \$4,206,059 in 2011 to \$4,497,712 in 2012 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and a one time set aside funds from HUD.
- Capital funds for modernization of projects increased from \$204,738 in 2011 to \$360,280 in 2012 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$631,312 in 2011 to \$526,245 in 2012 as a result of leveling off in portability activities and varying interest rates.

Compared to the prior fiscal year, total operating expenses increased from \$4,908,755 in 2011 to \$5,098,522 for the year ended March 31, 2012.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords from \$3,252,489 during 2011 to \$3,500,561 in 2012.
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director. Other changes were in the areas of contractual services, utilities, depreciation and supplies.

Overall, net assets increased by .07% from 2010 to 2011.

That change in 2011 is reflected in the decrease in cash of about 37%. Also, capital assets addition of 7.3% was due to the acquisition of equipment and renovation projects. Accounts receivable from HUD and others increased from 2010 to 2011 by 100%. The increase is due to the timing in reimbursements in operating grants and other cost.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2011 increased by \$1,328,481 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$84,750 in 2010 to \$109,129 in 2011, primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up.
- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs increased from \$3,085,704 in 2010 to \$4,410,797 in 2011 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

- Capital funds for modernization of projects increased from \$51,963 in 2010 to \$204,738 in 2011 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$33,892 in 2010 to \$12,901 in 2011 as a result of varying interest rates.

Compared to the prior fiscal year, total operating expenses decreased from \$4,302,494 in 2010 to \$4,290,344 for the year ended March 31, 2011.

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords (from \$3,349,520 during 2010 to \$3,252,489 in 2011).
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director. Other changes were in the areas of contractual services, utilities, depreciation and supplies.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2012 and 2011, the Authority had \$5,873,283 and \$5,857,175 invested in a broad range of capital assets, including land, buildings and building improvements. This amount represents a net increase (including additions, deductions and depreciation) of \$16,108.

Capital Assets, Net		
	March 31	
	2012	2011
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and buildings improvements	7,970,269	7,970,269
Furniture and equipment	640,367	333,174
Automobile	<u>21,743</u>	<u>21,743</u>
	9,412,234	9,105,041
Less accumulated depreciation expense	<u>(3,538,397)</u>	<u>(3,247,866)</u>
Total	<u>\$ 5,873,283</u>	<u>\$ 5,857,175</u>

The net change in capital assets of .3% was primarily due to the effects of depreciation expense and write-off of assets net of additions.

See Note 4 for additional information.

No debt was issued for these additions.

Debt

The Authority has no long-term debt at March 31, 2012 and 2011.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations; therefore the Authority is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending March 31, 2012 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF NET ASSETS- ENTERPRISE FUND
MARCH 31, 2012

ASSETS

Current Assets:

Cash and temporary cash investments (NOTE 5)	\$ 3,821,155
Restricted cash (NOTE 6)	1,154,301
Amounts receivable, net (NOTE 2)	29,788
Investment (NOTE 11)	14,102
Prepaid item (NOTE 3)	<u>18,982</u>
Total current assets	<u>5,038,328</u>

Non-current assets:

Capital assets, net (NOTES 4 and 12)	<u>5,873,283</u>
Total non-current assets	<u>5,873,283</u>
Total assets	<u>10,911,611</u>

LIABILITIES

Current Liabilities:

Amounts and other payables (NOTE 7)	587,164
Compensated absences payable (NOTE 13)	4,267
Security deposits held for tenants (NOTE 6)	<u>43,456</u>
Total current liabilities	<u>634,887</u>

Non-current liabilities:

Total non-current liabilities	<u>-0-</u>
Total liabilities	<u>634,887</u>

NET ASSETS

Net Assets:

Invested in capital assets, net of related debt	5,873,283
Restricted (NOTE 17)	1,110,845
Unrestricted	<u>3,292,596</u>
Total net assets (deficit)	<u>\$10,276,724</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2012**

Operating Revenues:	
HUD operating grants	\$ 4,259,562
Administrative fees earned	238,150
Dwelling rental and fees	<u>221,619</u>
Total operating revenues	<u>4,719,331</u>
Operating Expenses:	
Salaries and employee benefits	194,782
Materials and other	18,315
Contractual services	354,791
Utilities	103,210
Depreciation	291,085
Insurance	93,329
Housing assistance payments	3,500,561
Housing assistance payments - portability-in	485,830
Convention and travel	6,589
Telephone	9,221
Bad debt expense	3,183
Supplies	10,127
Postage	3,168
Tenant services	7,252
Membership dues and fees	1,832
Bank charges	8,717
General	<u>6,530</u>
Total operating expenses	<u>5,098,522</u>
Operating income (loss)	<u>(379,191)</u>
Non-operating revenues:	
Interest income	4,815
Gain (loss) on disposition	4,515
Other	<u>516,915</u>
Total non-operating revenues	<u>526,245</u>
Capital contributions:	
HUD capital grants	<u>360,280</u>
Total capital contributions	<u>360,280</u>
Change in net assets	<u>507,334</u>
Net assets, beginning of year	10,549,291
Prior period adjustments	<u>(779,901)</u>
Net assets, beginning of year, as restated (NOTE 15)	<u>9,769,390</u>
Net assets, end of year	<u>\$10,276,724</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2012

Cash Flows from Operating Activities	
Operating grants	\$ 4,488,266
Receipt from tenants	221,619
Payments to suppliers for goods and services	(315,257)
Payments to employees	(194,782)
Payments to landlords	<u>(3,986,311)</u>
Net cash provided by operating activities	<u>213,535</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets, net	(303,245)
Capital contributions	360,280
Other non-operating receipts	<u>523,629</u>
Net cash provided by capital and related financing activities	<u>580,664</u>
Cash Flows from Investing Activities:	
Purchase of investments	<u>(14,102)</u>
Cash used by investing activities	<u>(14,102)</u>
Net increase in cash	780,097
Cash, beginning of year	<u>4,195,359</u>
Cash, end of year	<u>\$ 4,975,456</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2012**

Reconciliation of Operating Loss to Net Cash provided
by Operating activities:

Operating loss	\$ (379,191)
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Adjustments to reconcile operating loss to cash provided
by Operating activities:

Depreciation	291,085
Bad debt expense	3,183
Adjustments to beginning net assets	(779,901)
Gain on disposition	(4,515)

Changes in net assets and liabilities:

Decrease in prepaid item	3,919
Increase in amounts and other payables	498,643
Decrease in interprogram due from, net	631,956
Decrease in deferred revenues	(1,284,145)
Decrease in compensated absences payable	(1,599)
Increase in security deposits	22,935
Decrease in amounts receivable	<u>1,211,165</u>

Net cash provided by operating activities	\$ <u>213,535</u>
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The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Slidell (the Authority) was created on March 11, 1967, and is governed by a five (5) member Board of Commissioners, all appointed by the Mayor of the City of Slidell, and headed by an Executive Director. The Board and Executive Director are responsible for all activities of the Authority. The Authority has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and City of Slidell.

As of March 31, 2012, the Authority was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell.

Under the Low Rent Public Housing Program, the Authority provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled the Section 8 and Voucher programs) the Authority provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance Housing Program provides transitional assistance for families impacted by the events of hurricane storm damages.

Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity", established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

The Authority was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that the Authority is a financial reporting entity within the meaning of the provisions of GASB 14.

Accordingly, the Authority is not a component unit of the City of Slidell's financial reporting entity.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, the Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of the Authority are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The Authority's fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), the Authority recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- The Authority recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by the Authority as deferred revenue upon award.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of the Authority to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

The Authority follows the practice of capitalizing all structures and equipment over \$1,000 in the aggregate.

Structures and equipment are depreciated in the enterprise fund of the Authority using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	20
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At March 31, 2012, management has estimated and recorded the effect of adoption of GASB Statement No. 42, "Accounting for the Impairment of Capital Assets and for Insurance Recoveries".

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

The Authority prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners and HUD. Budgetary amendments require approval by the Board and HUD.

The Authority does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Authority's Board of Commissioners.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of March 31, 2012 consisted of the following:

	Housing Choice Voucher Program	Low Rent Public Housing Program	Total
Tenant accounts receivable	\$ 15,547	\$ -0-	\$ 15,547
Operating	9,446	-0-	9,446
Other Housing Authorities	19,199	-0-	19,199
Tenant note receivable	<u>-0-</u>	<u>1,143</u>	<u>1,143</u>
Sub-total	44,192	1,143	45,335
Less allowance for doubtful accounts	<u>(15,547)</u>	<u>-0-</u>	<u>(15,547)</u>
Total	<u>\$ 28,645</u>	<u>\$ 1,143</u>	<u>\$ 29,788</u>

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Prepaid Item:

Prepaid asset at March 31, 2012, consisted of prepaid insurance of \$18,982.

NOTE 4 - Land, Structures and Equipment:

At March 31, 2012, land, structures and equipment consisted of the following:

<u>Description</u>	<u>Balance</u> <u>April 1, 2011</u>	<u>Addition</u>	<u>Balance</u> <u>March 31, 2012</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ 779,855
Building and building improvements	7,970,269	-0-	7,970,269
Furniture and equipment	333,174	307,193	640,367
Automobile	21,743	-0-	21,743
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Sub-total	9,105,041	307,193	9,412,234
Less accumulated depreciation	<u>(3,247,866)</u>	<u>(291,085)</u>	<u>(3,538,951)</u>
Total	<u>\$ 5,857,175</u>	<u>\$ 16,108</u>	<u>\$ 5,873,283</u>

NOTE 5 - Cash and Temporary Cash Investment:

At March 31, 2012, the carrying amount of the Authority's deposits was \$3,821,155 and the bank balance was \$3,837,568. Of this amount \$250,000 was covered by federal depository insurance and \$1,998,196 collateralized by a pledge of securities in the joint name of the Authority and the financial institution. Consequently, the uncollateralized amount is \$1,467,320. See findings reference numbers 2012-09 and 2012-24.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the Authority's deposits may not be returned to it. The Authority has no deposit policy for custodial credit risk.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment, Continued:

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On March 31, 2012 and at various times during the year then ended, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

At March 31, 2012, cash and temporary cash investment consisted of the following:

	<u>Housing Choice Voucher Program</u>	<u>Low Rent Public Housing Program</u>	<u>Disaster Housing Assistance Program</u>	<u>Total</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Cash on Hand	\$ -0-	\$ 250	\$ -0-	\$ 250	N/A	N/A
Demand Deposits	162,100	52,790	-0-	214,890	N/A	N/A
Sweep Accounts	-0-	2,069,966	498,457	2,568,423	Varying	Daily
Savings Account	<u>-0-</u>	<u>1,037,592</u>	<u>-0-</u>	<u>1,037,592</u>	Varying	Daily
Total	<u>\$162,100</u>	<u>\$3,160,598</u>	<u>\$498,457</u>	<u>\$3,821,155</u>		

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Restricted Cash:

At March 31, 2012, restricted cash consisted of \$43,456 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

Also, included in restricted cash is \$1,110,845 of housing assistance payments (HAP) reserved for future HAP payments. See NOTE 18 for additional discussion.

The total restricted cash of \$1,154,301 represents the carrying amount and bank balance at March 31, 2012. Further, the amount is collateralized as previously described in NOTE 5.

NOTE 7 - Amounts and Other Payables:

Amounts and other payables at March 31, 2012, consisted of the following:

	PHA Owned Housing Program	Disaster Housing Assistance Program	Total
Amounts payable HUD	\$150,907	\$432,377	\$583,284
Federal & State taxes payable	<u>3,880</u>	<u>-0-</u>	<u>3,880</u>
Total	<u>\$154,787</u>	<u>\$432,377</u>	<u>\$587,164</u>

NOTE 8 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; for which the Authority carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Concentration of Credit Risk:

The Authority receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, the Authority's operating results could be adversely affected.

NOTE 10 - Contingencies:

The Authority is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to the Authority. These examinations may result in required refunds by the Authority to the agencies and/or program beneficiaries.

NOTE 11 - Investment:

At March 31, 2012, the Authority has invested in a retirement trust, \$14,102 in income investment.

NOTE 12 - Commitments:

At March 31, 2012, the Authority has executed agreements with HUD totaling \$975,297 for various modernization, capital fund acquisitions and management improvement projects. Balance of funds remaining at March 31, 2012 was \$807,606 (see Schedule IV).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2012 of \$4,267 represents unpaid accrued vacation earned by employees.

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2012, no board member received per diem in his or her capacity as a commissioner.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - Restatement of Beginning Net Assets:

Net assets at the beginning of the year has been restated to properly account for the effect of transactions resulting from an analysis and reconciliation of restricted net assets from 2005 through December 31, 2009 interfund activities and revenue. Also see NOTE 18.

NOTE 16 - Retirement Plan:

On July 1, 2009, the Authority adopted a Housing Agency Retirement Trust (HART). The Plan qualifies under Internal Revenue code Section 401(a).

Eligibility is open to all regular full-time employees defined as individuals attaining the age of twenty-five (25) and completing twelve (12) months of continuous and interrupted employment. Contributions to the plan is at ten (10%) percent by the Authority and five (5%) percent by the employee using their base rate of pay.

For the year ended March 31, 2012, \$-0- had been contributed by the Authority and its eligible employees.

NOTE 17 - Restricted Net Assets:

At March 31, 2012 restricted net assets represent funds restricted to future payments on housing assistance payments.

NOTE 18 - Independent Auditor's Report:

o **Inter-fund Activities**

In the 2011 inter-fund accounts were out-of-balance by \$631,956. While the inter-fund accounts were in balance at March 31, 2012, we are unable to satisfy ourselves based on the information received thus far as to the propriety of the accounting treatment to resolve the prior year's out-of-balance condition.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 18 - Independent Auditor's Report, Continued:

o **Completeness of Cash**

We are unable to review documentation that we deem adequate to ascertain the cash balance on-hand within the Low-Rent Operating Fund that are allocable to the DHAP program.

o **Housing Assistance Payments**

We are unable to satisfy ourselves as to the amount of Housing Assistance Payments and other expenses that are allocable or re-allocable, and the basis thereof to the DHAP program.

o **Net Assets**

We are unable to satisfy ourselves as to the reasonableness of the calculation of restricted net assets as it relates to the Housing Choice Voucher program. This is primarily due to unsupportable amounts for Housing Assistance Payments utilized in the calculation.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Aleida J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

**Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana**

Our report on our audit of the March 31, 2012, financial statements of **Housing Authority of the City of Slidell (the Authority)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from a complete resolution of the issues related to cash, inter-fund activities, and net assets, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

The supplementary information (Schedules II, III, IV, V, and VI) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from the resolution of the issues affecting completeness of cash, inter-fund activities and net assets, Schedules II, III, IV, V, and VI are fairly stated in all material respects in the relation to the financial statements taken as a whole.

Also, the supplementary information (Exhibits I and II), which are prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Except for the effects of adjustments, if any, as might have been determined to be necessary, Exhibits I and II are fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

September 28, 2012

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET ASSETS—ENTERPRISE FUND
MARCH 31, 2012**

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
ASSETS							
Cash	\$3,160,598	\$ -0-	\$3,160,598	\$ 162,100	\$498,457	\$ 660,557	\$ 3,821,155
Restricted cash	43,456	-0-	43,456	1,110,845	-0-	1,110,845	1,154,301
Accounts receivable - HUD	-0-	-0-	-0-	9,446	-0-	9,446	9,446
Accounts receivable - Other	1,143	-0-	1,143	19,199	-0-	19,199	20,342
Investments	14,102	-0-	14,102	-0-	-0-	-0-	14,102
Prepaid item	18,982	-0-	18,982	-0-	-0-	-0-	18,982
Due from other funds	1,767,209	-0-	1,767,209	1,572,329	-0-	1,572,329	3,339,538
Capital assets, net	<u>5,701,625</u>	<u>171,658</u>	<u>5,873,283</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,873,283</u>
Total assets	<u>10,707,115</u>	<u>171,658</u>	<u>10,878,773</u>	<u>2,873,919</u>	<u>498,457</u>	<u>3,372,376</u>	<u>14,251,149</u>
LIABILITIES							
Liabilities:							
Amounts and other payables	3,880	-0-	3,880	-0-	-0-	-0-	3,880
Accounts payable - HUD	150,907	-0-	150,907	-0-	432,377	432,377	583,284
Compensated absences payable	2,469	-0-	2,469	1,798	-0-	1,798	4,267
Security deposits held for tenants	43,456	-0-	43,456	-0-	-0-	-0-	43,456
Due to other funds	<u>1,572,329</u>	<u>-0-</u>	<u>1,572,329</u>	<u>1,767,209</u>	<u>-0-</u>	<u>1,767,209</u>	<u>3,339,538</u>
Total liabilities	<u>1,773,041</u>	<u>-0-</u>	<u>1,773,041</u>	<u>1,769,007</u>	<u>432,377</u>	<u>2,201,384</u>	<u>3,974,425</u>
Net Assets							
Invested in capital assets, net	5,701,625	171,658	5,873,283	-0-	-0-	-0-	5,873,283
Restricted	-0-	-0-	-0-	1,110,845	-0-	1,110,845	1,110,845
Unrestricted	<u>3,232,449</u>	<u>-0-</u>	<u>3,232,449</u>	<u>(5,933)</u>	<u>66,080</u>	<u>60,147</u>	<u>3,292,596</u>
Total net assets (deficit)	<u>\$ 8,934,074</u>	<u>\$171,658</u>	<u>\$ 9,105,732</u>	<u>\$ 1,104,912</u>	<u>\$ 66,080</u>	<u>\$ 1,170,992</u>	<u>\$10,276,724</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS—ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2012

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Operating Revenues:							
Dwelling rental and fees	\$ 221,619	\$ -0-	\$221,619	\$ -0-	\$ -0-	\$ -0-	\$ 221,619
HUD operating grants	367,346	-0-	367,346	3,892,216	-0-	3,892,216	4,259,562
Administrative fees earned	-0-	-0-	-0-	238,150	-0-	238,150	238,150
Total operating revenues	588,965	-0-	588,965	4,130,366	-0-	4,130,366	4,719,331
Operating Expenses:							
Salaries and employee benefits	66,449	-0-	66,449	128,333	-0-	128,333	194,782
Materials and other	18,315	-0-	18,315	-0-	-0-	-0-	18,315
Contractual services	239,955	-0-	239,955	114,836	-0-	114,836	354,791
Utilities	98,526	-0-	98,526	4,684	-0-	4,684	103,210
Depreciation	265,263	25,820	291,083	-0-	-0-	-0-	291,083
Insurance	78,727	-0-	78,727	14,602	-0-	14,602	93,329
Housing assistance payments	-0-	-0-	-0-	3,500,561	-0-	3,500,561	3,500,561
Housing assistance payments - portability-in	-0-	-0-	-0-	485,830	-0-	485,830	485,830
Convention and travel	4,446	-0-	4,446	2,143	-0-	2,143	6,589
Telephone	3,630	-0-	3,630	5,591	-0-	5,591	9,221
Bad debt expense	3,183	-0-	3,183	-0-	-0-	-0-	3,183
Supplies	4,679	-0-	4,679	5,448	-0-	5,448	10,127
Postage	1,941	-0-	1,941	1,227	-0-	1,227	3,168
Tenant services	6,845	-0-	6,845	407	-0-	407	7,252
Membership dues and fees	1,258	-0-	1,258	574	-0-	574	1,832
Bank charges	8,717	-0-	8,717	-0-	-0-	-0-	8,717
General	(225)	-0-	(225)	6,755	-0-	6,755	6,530
Total operating expenses	801,711	25,820	827,531	4,270,991	-0-	4,270,991	5,098,522
Operating income (loss)	(212,746)	(25,820)	(238,566)	(140,625)	-0-	(140,625)	(379,191)

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

	Operating Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Non-operating revenues:							
Interest income	\$ 4,815	\$ -0-	\$ 4,815	\$ -0-	\$ -0-	\$ -0-	\$ 4,815
Other income	394	-0-	394	516,521	-0-	516,521	516,915
Gain on sale of equipment	4,515	-0-	4,515	-0-	-0-	-0-	4,515
Total non-operating revenues	9,724	-0-	9,724	516,521	-0-	516,521	526,245
Capital contributions:							
HUD capital grants	-0-	360,280	360,280	-0-	-0-	-0-	360,280
Total capital contributions	-0-	360,280	360,280	-0-	-0-	-0-	360,280
Change in net assets before transfers	(203,022)	334,460	131,438	375,896	-0-	375,896	507,334
Operating transfers in	345,094	-0-	345,094	-0-	-0-	-0-	345,094
Operating transfers (out)	-0-	(345,094)	(345,094)	-0-	-0-	-0-	(345,094)
Net operating transfers	345,094	(345,094)	-0-	-0-	-0-	-0-	-0-
Change in net assets	142,072	(10,634)	131,438	375,896	-0-	375,896	507,334
Net assets, beginning of year	10,619,332	182,292	10,801,624	(263,685)	11,352	(252,333)	10,549,291
Prior period adjustments	(1,827,330)	-0-	(1,827,330)	992,701	54,728	1,047,429	(779,901)
Net assets, beginning of year, as restated	8,792,002	182,292	8,974,294	729,016	66,080	795,096	9,769,390
Net assets, end of year	\$ 8,934,074	\$ 171,658	\$ 9,105,732	\$ 1,104,912	\$ 66,080	\$ 1,170,992	\$ 10,276,724

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
PHA Owned Housing Program	14.850a	\$ 367,346
Housing Choice Voucher Program	14.871	4,130,366
Capital Fund Program	14.872	<u>360,280</u>
Grand Total		<u>\$4,857,992</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Authority and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$ 3,160,598	\$ 660,557	\$ 3,821,155
113	Cash - other restricted	-0-	1,110,845	1,110,845
114	Cash - tenant security deposits	<u>43,456</u>	<u>-0-</u>	<u>43,456</u>
100	Total cash	<u>3,204,054</u>	<u>1,771,402</u>	<u>4,975,456</u>
122	Accounts receivable - HUD	-0-	9,446	9,446
125	Accounts receivable - Other	1,143	19,199	20,342
131	Investments- unrestricted	14,102	-0-	14,102
142	Prepaid expenses and other assets	18,982	-0-	18,982
144	Interprogram due from	<u>1,767,209</u>	<u>1,572,329</u>	<u>3,339,538</u>
150	Total current assets	<u>5,005,490</u>	<u>3,372,376</u>	<u>8,377,866</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2012

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
161	Land	\$ 779,855	\$ -0-	\$ 779,855
162	Buildings	8,102,335	-0-	8,102,335
163	Furniture, equipment and machinery-dwellings	296,929	-0-	296,929
164	Furniture, equipment and machinery-administration	233,115	-0-	233,115
166	Accumulated depreciation	<u>(3,538,951)</u>	<u>-0-</u>	<u>(3,538,951)</u>
160	Total capital assets, net of accumulated depreciation	<u>5,873,283</u>	<u>-0-</u>	<u>5,873,283</u>
180	Total non-current assets	<u>5,873,283</u>	<u>-0-</u>	<u>5,873,283</u>
190	Total assets	<u>\$10,878,773</u>	<u>\$3,372,376</u>	<u>\$14,251,149</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable <90 days	\$ 3,880	\$ -0-	\$ 3,880
322	Accrued compensated absences-current portion	2,469	1,798	4,267
331	Accounts payable - HUD	150,907	432,377	583,284
341	Tenant security deposits	43,456	-0-	43,456
347	Interprogram due to	<u>1,572,329</u>	<u>1,767,209</u>	<u>3,339,538</u>
310	Total current liabilities	<u>1,773,041</u>	<u>2,201,384</u>	<u>3,974,425</u>
350	Total non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
300	Total liabilities	<u>1,773,041</u>	<u>2,201,384</u>	<u>3,974,425</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.1	Invested in capital assets, net of related debt	\$ 5,873,283	\$ -0-	\$ 5,873,283
511.1	Restricted net assets	-0-	1,110,845	1,110,845
512.1	Unrestricted net assets	<u>3,232,449</u>	<u>60,147</u>	<u>3,292,596</u>
513	Total equity/net assets	<u>9,105,732</u>	<u>1,170,992</u>	<u>10,276,724</u>
600	Total liabilities and equity/net assets	<u>\$10,878,773</u>	<u>\$3,372,376</u>	<u>\$14,251,149</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER ASSISTANCE PROGRAM</u>	<u>HOUSING TOTAL PROGRAMS</u>
70300	Net tenant rental revenue	\$221,619	\$ -0-	\$221,619	\$ -0-	\$ -0-	\$ -0-
70500	Total tenant revenue	221,619	-0-	221,619	-0-	-0-	-0-
70600-010	Housing assistance payments	-0-	-0-	-0-	3,892,216	-0-	3,892,216
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-	238,150	-0-	238,150
		-0-	-0-	-0-	4,130,366	-0-	4,130,366
70600	HUD PHA operating grants	367,346	-0-	367,346	-0-	-0-	-0-
70610	Capital grants	-0-	360,280	360,280	-0-	-0-	-0-
71100	Investment income - unrestricted	4,815	-0-	4,815	-0-	-0-	-0-
7150	Other revenue	394	-0-	394	516,521	-0-	516,521
71600	Gain (loss) on dispositions	4,515	-0-	4,515	-0-	-0-	-0-
70000	Total revenue	598,689	360,280	958,969	4,646,887	-0-	4,646,887

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
91100	Administrative salaries	\$ 54,170	\$ -0-	\$ 54,170	\$103,926	\$ -0-	\$103,926
91200	Auditing fees	15,570	-0-	15,570	18,780	-0-	18,780
91500	Employee benefit contributions- administrative	12,279	-0-	12,279	24,467	-0-	24,467
91600	Office expense	-0-	-0-	-0-	-0-	-0-	-0-
91700	Legal expense	19,019	-0-	19,019	10,824	-0-	10,824
91800	Travel	1,683	-0-	1,683	1,793	-0-	1,793
91900	Other	<u>147,251</u>	<u>-0-</u>	<u>147,251</u>	<u>101,894</u>	<u>-0-</u>	<u>101,894</u>
91000	Total operating - administrative	<u>249,972</u>	<u>-0-</u>	<u>249,972</u>	<u>261,684</u>	<u>-0-</u>	<u>261,684</u>
92400	Tenant services - other	<u>6,845</u>	<u>-0-</u>	<u>6,845</u>	<u>407</u>	<u>-0-</u>	<u>407</u>
92500	Total tenant services	<u>6,845</u>	<u>-0-</u>	<u>6,845</u>	<u>407</u>	<u>-0-</u>	<u>407</u>
93100	Water	71,810	-0-	71,810	1,326	-0-	1,326
93200	Electricity	23,792	-0-	23,792	3,358	-0-	3,358
93300	Gas	2,924	-0-	2,924	-0-	-0-	-0-
93800	Other utilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
93000	Total utilities	<u>98,526</u>	<u>-0-</u>	<u>98,526</u>	<u>4,684</u>	<u>-0-</u>	<u>4,684</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
94200	Ordinary maintenance and operations - materials and other	\$ 18,315	\$ -0-	\$ 18,315	\$ -0-	\$ -0-	\$ -0-
94300-020	Ordinary maintenance and operations contracts- heating and cooling contracts	17,810	-0-	17,810	-0-	-0-	-0-
94300-050	Ordinary maintenance and operations contracts- landscape and grounds contracts	29,150	-0-	29,150	-0-	-0-	-0-
94300-060	Ordinary maintenance and operations contracts- unit turnaround contracts	4,311	-0-	4,311	-0-	-0-	-0-
94300-080	Ordinary maintenance and operations contracts- plumbing contracts	2,661	-0-	2,661	-0-	-0-	-0-
94300-090	Ordinary maintenance and operations contracts- extermination contracts	7,296	-0-	7,296	-0-	-0-	-0-
94300-120	Ordinary maintenance and operations contracts- miscellaneous contracts	11,788	-0-	11,788	3,178	-0-	3,178
94000	Total maintenance	91,331	-0-	91,331	3,178	-0-	3,178

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
95200	Protective Services - other contract costs	\$ 705	\$ -0-	\$ 705	\$ 45	\$ -0-	\$ 45
95000	Total protective services	705	-0-	705	45	-0-	45
96110	Property insurance	71,352	-0-	71,352	5,810	-0-	5,810
96130	Workman's compensation	3,254	-0-	3,254	4,314	-0-	4,314
96140	All other insurance	4,120	-0-	4,120	4,478	-0-	4,478
96100	Total insurance premiums	78,726	-0-	78,726	14,602	-0-	14,602
96200	Other general expenses	10,341	-0-	10,341	-0-	-0-	-0-
96400	Bad debt - tenant rents	-0-	-0-	-0-	-0-	-0-	-0-
96000	Total other general expenses	10,341	-0-	10,341	-0-	-0-	-0-
96900	Total operating expenses	536,446	-0-	536,446	284,600	-0-	284,600
97000	Excess (deficiency) of revenue over operating expenses	62,243	360,280	422,523	4,362,287	-0-	4,362,287

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	HOUSING CHOICE VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
97300-050	All other	\$ -0-	\$ -0-	\$ -0-	\$ 485,830	\$ -0-	\$ 485,830
973000	Housing assistance payments	-0-	-0-	-0-	3,500,561	-0-	3,500,561
97400	Depreciation expense	265,265	25,820	291,085	-0-	-0-	-0-
90000	Total expenses	801,711	25,820	827,531	4,270,991	-0-	4,270,991
1001	Operating transfers in	345,094	-0-	345,094	-0-	-0-	-0-
1002	Operating transfers out	-0-	(345,094)	(345,094)	-0-	-0-	-0-
		345,094	(345,094)	-0-	-0-	-0-	-0-
10000	Excess (deficiency) of revenue over (under) expenses	\$ 142,072	\$ (10,634)	\$ 131,438	\$ 375,896	\$ -0-	\$ 375,896
11030	Beginning equity/net assets	\$ 10,519,332	\$ 182,292	\$ 10,801,624	\$ (263,688)	\$ 11,352	\$ (252,333)
11040-010	Prior period adjustments, equity transfers, and correction of errors	(1,827,330)	-0-	\$(1,827,330)	992,701	54,728	1,047,429
	Beginning equity/net assets, as adjusted	\$ 8,792,002	\$ 182,292	\$ 8,974,294	\$ 729,016	\$ 66,080	\$ 795,096
11170	Administrative fee equity			\$ -0-	\$ -0-	\$ 66,080	\$ -0-
1118	Housing assistance payments equity			\$ -0-	\$ 1,110,845	\$ -0-	\$ 1,110,855
11190	Unit months available	1,233	N/A	1,233	7,344	-0-	7,344
11210	Number of unit months leased	1,184	N/A	1,184	5,108	-0-	5,108
11270	Excess cash	\$ 3,198,222	\$ -0-	\$ 3,198,222	\$ -0-	\$ -0-	\$ -0-
111620	Building purchases	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11630	Furniture and equipment	\$ 292,007	\$ 15,186	\$ 307,193	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2012**

	<u>LA48P103-501-05</u>	<u>LA48P103-501-06</u>	<u>LA48P103-501-07</u>	<u>LA48P103-501-08</u>	<u>LA48P103-501-11</u>	<u>LA48P103-501-12</u>	<u>TOTAL</u>
Funds approved	\$ 179,596	\$ 170,620	\$177,464	\$ 173,745	\$142,222	\$131,650	\$975,297
Funds expended	<u>(96,230)</u>	<u>(45,000)</u>	<u>(26,461)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(167,691)</u>
Excess (deficiency) of funds approved	\$ <u>124,596</u>	\$ <u>125,620</u>	\$ <u>151,003</u>	\$ <u>173,745</u>	\$ <u>142,222</u>	\$ <u>131,650</u>	\$ <u>807,606</u>
Funds Advanced:							
Grant funding	\$ <u>96,230</u>	\$ <u>45,000</u>	\$ <u>26,461</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>167,691</u>
Total funds advanced	<u>96,230</u>	<u>45,000</u>	<u>26,461</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>167,691</u>
Funds expended	<u>96,230</u>	<u>(45,000)</u>	<u>(26,461)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>167,691</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (COMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2012

	<u>LA48P103-501-04</u>	<u>LA48P103-501-02</u>	<u>LA48P103-501-10</u>	<u>TOTAL</u>
Funds approved	\$ 190,413	\$ 172,838	\$ 172,256	\$ 535,507
Funds expended	(190,413)	(172,838)	(172,256)	(535,507)
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Funds Advanced:				
Grant funding	\$ 190,413	\$ 172,838	\$ 172,256	\$ 535,507
Total funds advanced	<u>190,413</u>	<u>172,838</u>	<u>172,256</u>	<u>535,507</u>
Funds expended	<u>(190,413)</u>	<u>(172,838)</u>	<u>(172,256)</u>	<u>(535,507)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE: The distribution of costs as shown on the line of credit control system and the total award per the approved Form HUD 53012 (Capital Fund Program) Amendment to the Consolidation Annual Contributions Contracts is in agreement with the Authority's records (except for LA48P103-501-04 for which we and the Authority are unable to ascertain agreement) and all costs and liabilities associated with the project for 2009 and 2010 have been paid.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE VI

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND STIMULUS GRANT (COMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2012**

LA-48P103-501-09

Funds approved	\$ 219,925
Funds expended	<u>(219,925)</u>
Excess of funds approved	\$ <u>-0-</u>
Funds Advanced:	
Grant funding	\$ <u>219,925</u>
Total funds advanced	219,925
Funds expended	<u>(219,925)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>

NOTE: The distribution of costs as shown on the line of credit control system and the total system and the total award per the approved Form HUD 53012 (Capital Fund Program) Amendment to the Consolidated Annual Contributions Contracts is in agreement with the Authority's records and all costs and liabilities associated with the project have been paid.

See Independent Auditors' Report on Supplementary Information.



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**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana**

We have audited the financial statements of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2012, and have issued our report thereon dated September 28, 2012. Except for the Authority's inability to completely resolve through adequate documentation, issues related to adjustments in the amount of \$631,956 posted by the Authority to reconcile interfund out-of-balance, and \$1,047,429 posted to net assets within its restricted and unrestricted categories for the Housing Choice Voucher and Disaster Housing Assistance Programs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the subsequent paragraph, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting and other deficiencies that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As previously discussed, we described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-02, 2012-04, 2012-05, and 2012-06 to be significant deficiencies.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Further, as previously discussed, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined. We considered the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-01, 2012-03, and 2012-08 to be material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter dated September 28, 2012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-07 and 2012-09.

The Authority's responses to the findings identified in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit the Authority's responses and, accordingly, we express no opinion on them.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 28, 2012



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana**

Compliance

We have audited the compliance of Housing Authority of the City of Slidell (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2012. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

Except for the Authority's inability to completely resolve issues related to the adjustments in the amount of \$631,956 posted to reconcile interfund out-of-balance condition, and \$1,047,429 posted to net assets within its restricted and unrestricted categories, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Compliance, Continued

Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

Because of the nature of certain records as further described in findings 2012-13 and 2012-21 for certain transactions executed and journal entries recorded during 2012, we were unable to obtain sufficient documentation to support the Authority's compliance with the requirements of reporting, allowable costs and special tests and provisions. Compliance with such requirements is necessary in our opinion, for the Authority to comply with the requirements applicable to its programs.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine evidence regarding the Authority's compliance with reporting, allowable costs and special tests and provisions, the Authority complied, in all material respects, with the compliance requirements previously referred to that could have a direct and material effect on its major federal programs for the year ended March 31, 2012. Also, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-10, 2012-11, 2012-12, 2012-14, 2012-15, 2012-22, 2012-24, and 2012-25.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for a limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in the Authority's internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies in compliance and other deficiencies that we consider to be material weaknesses.

A deficiency in the Authority's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance, Continued

We consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-16 and 2012-18 through 2012-20 to be significant deficiencies.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the Authority on a timely basis. As previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-13, 2012-17, 2012-21, and 2012-22 to be material weaknesses, as defined above.

The Authority's responses to the findings in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit the Authority's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

September 28, 2012

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Qualified**

Internal control over financial reporting:

- | | | |
|---|--|------------|
| • | Material weakness(es) identified? | Yes |
| • | Significant deficiency(ies) identified | Yes |

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- | | | |
|---|--|------------|
| • | Material weakness(es) identified? | Yes |
| • | Significant deficiency(ies) identified | Yes |

Type of auditors' report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of Circular A-133? **Yes**

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.850a	PHA Owned Housing Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

HOUSING AUTHORITY OF THE CITY OF Slidell
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs

Reference Number

2012-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of the detail general ledger generated by the Authority revealed the following significant deficiencies:

- o We noted that the Authority did not maintain a separate general ledger for the Disaster Housing Assistance Program (DHAP) during the year ended March 31, 2012;
- o We noted un-reconciled differences in the beginning (April 1, 2011) and ending (March 31, 2012) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Housing Choice Voucher Program as required by HUD; and
- o We noted significant unsupported journal entries posted directly to net assets during the year ended March 31, 2012.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-01

Questioned Costs

None

Context

Total amount of federal awards expended for the year ended March 31, 2012 was \$4,857,992.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the performance of a timely and efficient audit

Cause

Lack of an effective system in place to facilitate timely analysis and review to ensure the completeness of all financial statements prepared.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2012-01

Management's Response and Planned Corrective Action

Management will ensure that an accurate general ledger is maintained for each of our funded programs.

Management will ensure that net asset amounts will balance; management will meet monthly with accounting to review the general ledger and develop a checklist to ensure compliance. Anticipated completion date is December 31, 2012.

Management will sign off on all journal entries on a monthly basis; and will ensure that each entry is supported by documentation before sign-off. Management will ensure that the general ledger and any adjustment are maintained on a monthly basis.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of the Authority.

Condition

The results of our review of twenty-four (24) cash disbursement transactions and ten (10) journal entries revealed the following significant deficiencies:

- Invoices for twenty-two (22) of the cash disbursement transactions tested were not canceled or otherwise defaced to reduce the potential for duplicate use.
- Invoices for fifteen (15) of the cash disbursement transactions tested were not evidenced with a check or review for mathematical accuracy.
- There was no evidence of approval for four (4) of the journal entries selected for testing.

Questioned Costs

None

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-02

Effect or Potential Effect

Deficiencies in the Authority's internal control over financial reporting which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole, coupled with the level of organized oversight.

Recommendation

The current interim executive director has initiated, developed and implemented procedures and processes approved by the Board of Commissioners in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should ensure compliance with established policies and procedures by staff.

Management's Response and Planned Corrective Action

Management will perform monthly internal reviews to make certain that all invoice are marked paid; additionally the 22 disbursements that did not have evidence of canceling have been corrected.

All invoices reviewed by management for payment, will include an attached mathematical tape.

All journal entries will be signed off by management; process started immediately.

Management will make certain that all accounting contractors, administrative staff, etc. adhere to the financial policies and procedures approved by the Board.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-03

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of the Authority.

Condition

Under the Authority's current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets.

We noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls to provide complete, accurate and timely information consistent with the financial reporting objectives and current needs of the Authority.

Questioned Costs

None

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-03

Effect or Potential Effect

Deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole.

Recommendation

We recommend that management re-evaluate its internal control design, continue to develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's current software processing system to ensure its completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

The Director will more closely monitor the performance of all individuals responsible for all duties and take appropriate action if the job is not performed.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-04

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts such as cash, receivables, prepaid assets, revenues, expenses, etc.

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs revealed the following significant deficiencies:

- Inadequate controls over voided checks resulting in unsupported voided checks in the amount of \$7,420 at March 31, 2012;
- Inadequate controls over voided checks resulted in checks in the amount of \$590 reflected as voided in the September 2011 bank reconciliation but were not voided in the general ledger until February 2012;
- The March 31, 2012 operating account general ledger balance did not agree with the March 31, 2012 reconciled bank balance as reflected on the bank reconciliation;
- The general ledger and bank reconciliation amounts did not agree to the corresponding Housing Assistance Payment (HAP) register at March 31, 2012; and
- The December 31, 2011 (month judgementally selected for testing) and March 31, 2012 Voucher Program bank account reconciliations reflected an unresolved out-of-balance condition of \$1,773.40.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-04

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

Effect or Potential Effect

Potential for incomplete prepared financial statements.

Cause

Lack of an established follow-up procedure to ensure the timely preparation and complete review of bank account reconciliations to include significant general ledger accounts.

Recommendation

We recommend that management revisit with its current processes to ensure the continued development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences; timely reconciliation of significant general ledger accounts between the control and subsidiary accounts. Further, all adjustments resulting from the reconciliations should be adequately supported to justify recordation.

Management's Response and Planned Corrective Action

On a monthly basis, bank account reconciliations are completed and given to the Executive Director including a stale check report. The support for stale checks and subsequent voids will be maintained. Checks will be voided in a timely manner and included on the bank reconciliation in the month in which they are voided.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-05

Federal Award Program

PHA Owned Housing and Capital Fund Programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at March 31, 2012, revealed the capitalization of bulk purchases of individual items below the established \$1,000 capitalization threshold.

Questioned Costs

None.

Context

Total expenditures of federal awards for the PHA Owned and Capital Fund Programs were \$727,626 or (15)% of the total federal award for the year ended March 31, 2012.

Effect or Potential Effect

Noncompliance with established capitalization threshold policy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-05

Cause

Failure to follow established capitalization policy.

Recommendation

Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account on a periodic basis.

Further, management should monitor the recordation of capital assets in accordance with its established capitalization policy.

Management's Response and Planned Corrective Action

We are reviewing the current capitalization policy to ensure that those items that have a useful life, when applied in the aggregate, can be capitalized. The policy has been amended to address this issue.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-06

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

Condition

During the year ended March 31, 2012, the Authority implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-06

Effect or Potential Effect

Misallocation of shared costs to the respective programs administered and potential noncompliance with the requirements of OMB Circular A-87.

Cause

No documented procedure in place to provide staff with an accountable methodology for cost allocation.

Recommendation

We recommend a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Management's Response and Planned Corrective Action

Management will continue to review the allocations on a monthly basis; and make a determination every six months if the allocations need adjustments. Effective October 15, 2012, staff will be required to complete a daily time sheet to use as support documentation for monthly allocations. Additionally, other data collection sources will be reviewed to ensure that the Authority is capturing true allocation cost.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-07

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Revised statute 42:1119 Section A states that "no member of the immediate family of an agency head shall be employed in his agency".

Condition

Currently, the Authority has two (2) consultants on staff working in the capacity of Interim Executive Director and Fee Accountant, who are siblings. The first contract was executed with the consultant in April, 2009 by the previous executive director (no relation) for fee accountant services. The second contract was executed in November, 2010 by the Board of Commissioners of the Authority with a firm owned by a family member related to the previously referenced consultant to manage the activities of the Authority. Further, the Housing Choice Voucher Program section has two siblings as employees with one supervising the other.

Questioned Costs

None.

Effect or Potential Effect

Potential noncompliance with regulations regarding nepotism.

Context

The Federal award expended for the year ended March 31, 2012 was \$4,857,992.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-07

Cause

Misinterpretation of the regulations relating to nepotism.

Recommendation

The Authority should conduct a review of the referenced condition and seek resolution to the issue of nepotism.

Management's Response and Planned Corrective Action

The relationship of the Interim Executive Director and Fee Accountant was fully disclosed to the Board of Commissioners and HUD before the Interim Director signed a contract. On September 28, 2012, the Board requested a waiver relative to the continued contracting for the Fee Accountant. Due to the Authority's financial records being in a deplorable condition and limited knowledge by staff and the incoming Interim Director regarding the financial modules of the software provider, the Board concluded that the priorities were forensic accounting, establishing accounting procedures and getting accurate general ledgers. This was particularly important since the Authority was in "trouble status" mainly because of the lack of accurate records.

In addition, when the fee accountant's contract terminated under the former director, the Authority was forced to make a decision to ascertain that there was the capacity to submit required HUD information (financial) timely, prepare financial statements for the annual audit and input the audit report to HUD (due 12/31/2012). The Board agreed to a month to month with the fee accountant to make certain that the tasks were performed timely. In the case of the two siblings working in the Housing Choice Voucher Program from HUD's perspective the Board can waive this conflict; however, if may be necessary to request a waiver from the State Ethics Board.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2012-08

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy of financial reporting of the Authority.

Condition

During the course of the audit, we continue to note that the financial statements as prepared by the Authority required significant adjustments to fairly state account balances by the Authority. For the current audit, the total number of adjustments posted to impact accounts such as cash, interfund, net assets, etc. totaled forty-one (41).

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

Effect or Potential Effect

Deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misstatement of financial statements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2012-08

Cause

Size and skill-set of personnel assigned to the accounting function and the Authority.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's personnel capacity and current software processing system to ensure its completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

Management will work with the accounting department to make certain that adjustments are minimized at year-end to ensure more accurate monthly financial statements. The size of accounting staff and skill set are continuously being analyze within the context of the entire workforce of the Authority.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II - Financial Statement Findings and Questioned Costs, Continued

Referenced Number

2012-09

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of Notice PIH-97-41 which amended PIH-96-33, the Authority is required to have their depositories secure continuously and fully, all deposits that are in excess of the insured amount currently \$250,000. Also, pursuant to Revised Statute 49:321 public funds in excess of \$250,000 Federal Deposit Insurance Corporation (FDIC) coverage amount, must be collateralized by the financial institution in which the funds are deposited.

Condition

The Authority at March 31, 2012, had a collected bank balance with its banker of \$3,715,517. Further, management has an executed depository agreement with its banker to ensure the continuous coverage of its potential credit risk.

However, we noted no evidence to support the amount pledged as collateral on file, nor did we receive a response to our confirmation request from the Authority's banker. Also, there was no evidence to support management's periodic review of pledger reports received to ensure the adequacy in continuous coverage.

Questioned Costs

None.

Context

Total cash was \$4,975,456 at March 31, 2012

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section II - Financial Statement Findings and Questioned Costs

Referenced Number, Continued
2012-09

Effect or Potential Effect

A potential credit risk/loss and noncompliance with requirements to collateralize all public funds on deposit in excess of \$250,000.

Cause

Level of oversight involving the periodic review of pledged reports to the Authority's cash balance on a continuous basis.

Recommendation

Management should review its pledge reports and compare to its cash balance on a periodic basis to ensure compliance with its depository agreement with its banker.

Management's Response and Planned Corrective Action

Management will follow the recommendation relative to collateralization. As part of the Board's monthly financial package, a report to the Board's will be included after staff review.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs

Reference Number

2012-10

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

The Authority is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

Condition

Our review of fifteen (15) tenant files indicated the following significant deficiencies:

- o Form HUD 50058 was on file but not signed;
- o Form HUD 50058 was on file but the signature page was not on file; and
- o No report maintained on file to support the timely filing and submission of Form HUD 50058.

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program was \$4,130,366 or (85)% of the total federal award for the year ended March 31, 2012.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-10

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Failure to generate and/or document the completeness of all submitted data.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Management's Response and Planned Corrective Action

Management will issue a policy that states specifically as to whether 50058 will be signed for both programs by November 1, 2012 to allow for consistency. Staff working under Voucher and Low Rent Programs will be instructed regarding this policy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-11

Federal Award Program

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program. Further, the Authority is required to submit to HUD Form 50058 to include information such as birth certificate, total annual income, etc.

Condition

In one (1) of five (5) tenant files reviewed, we noted no written evidence on file to support verification of any prior lease violations.

Questioned Costs

None.

Context

Total federal award expended for the PHA Owned Housing Program was \$367,346 or (8)% of the total federal award for the year ended March 31, 2012.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-11

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

Management will review files for the necessary documents on a quarterly basis. Using a formatted checklist for both program as well as accounting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-12

Federal Award Program

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR section 960.259(c)(1) the Authority must obtain and document in the tenant's file, third party verification of the family's reported annual income.

Condition

For two (2) tenants, the recalculated income performed by the auditor did not agree to the amount used to compute the tenant's rent payment amount by the Authority.

Questioned Costs

None.

Context

Total federal award for the PHA Owned Housing Program was \$367,346 or (8)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect

Potential miscalculation in tenant rent.

Cause

Lack of an adequate system in place to effectively monitor compliance with Board policy and HUD regulation.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-12

Recommendation

We recommend that management continue to review on a test basis, the completeness in certification and/or re-certification of tenant files on a periodic basis.

Management's Response and Planned Corrective Action

Management will continue to review files, creating a format for files that allow information to be reviewed quickly and thoroughly for completion.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-13

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Criteria

HUD requires that all activities related to the DHAP must be accounted for and recorded separately from the other programs managed by the Authority.

Condition

Based on review of the DHAP Program and records available, we noted the following:

- DHAP financial transactions (HUD operating grants received) for the year ended March 31, 2012 were included in the records of the PHA Owned Housing Program.
- The Authority did not maintain a HAP register for the DHAP program. As such, we were unable to verify the completeness in recorded HAP and/or associated program expenses for the year ended March 31, 2012; and
- The records for DHAP are not maintained in a complete and accurate manner to facilitate an effective and efficient audit. Further, adjustments posted by the Authority in connection with the audit was based on information provided by HUD as a part of the close-out of the DHAP program activities. As such, we were unable to verify its completeness.

Questioned Costs

Unable to determine.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-13

Context

Total assets for the DHAP program as of March 31, 2012 was \$498,457.

Effect or Potential Effect

Noncompliance with various aspects of DHAP program requirements.

Cause

No formalized procedures to ensure compliance with the requirements of the program.

Recommendation

Management should evaluate the condition previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all financial transactions.

Management's Response and Planned Corrective Action

Management has put in place and will continue to review policies regarding the compliance of programmatic and financial requirements. Additionally, the Authority has instituted policies regarding the storage and maintenance of financial records for easier retrieval.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-14

Federal Award Program

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

CFR 24 sections 960.202 through 960.206 require tenants to be selected from a waiting list prepared and maintained by the Authority.

Condition

Tenant move-ins into the Authority's PHA Owned Housing Program based on our review, lacked documented evidence to support the order of placement from the waiting list because the waiting list is maintained on real time.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2012 for the PHA Owned Housing Program were \$367,346 or (8)% of total expenditures of federal awards.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-14

Cause

Lack of an established practice to retain on file, documented evidence to support selection from the waiting list.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960.202 through 960.206.

Management's Response and Planned Corrective Action

As instructed by the Executive Director, the Public Housing Manager will be responsible for printing the waiting list at the time of the offer and placing a copy of that list in the file of the tenant. Appropriate action will be taken with the responsible employee to ensuring that this finding does not continue to occur each year.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-15

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

CFR 24 sections 5.601 et. seq., 982.201, 982.515 and 982.516 require the accumulation of all information necessary to compute tenant rent. Further, the Authority is responsible for ensuring the accuracy of calculated deductions.

Condition

We noted the following significant deficiencies:

- For five (5) of the fifteen (15) tenant files tested, the Housing Assistance Payment (HAP) amount per the HAP register did not agree to the contract amount;
- For one (1) of the fifteen (15) tenant files, the tenant's voucher indicated the tenant occupied a three (3) bedroom unit but the rent reasonableness form indicated tenant was suited for a two (2) bedroom unit;
- For four (4) of the fifteen (15) tenant files tested, the admission/move-in date per the move-in/move-out report was before the contract date;
- For one (1) of the fifteen (15) tenant files tested, there was no report maintained on file to support the timely filing and submission of Form HUD 50058;
- For twelve (12) of the fifteen (15) tenant files tested, the Form HUD 50058 was on file but not signed; and
- For three (3) of the fifteen (15) tenant files tested, Form HUD 50058 was on file but not the signature page.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-15

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2012 for the Voucher Program were \$4,130,366 or (92)% of total expenditures of federal awards.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 5.601, 982.201, 515 and 516.

Cause

Oversight in the calculation of tenant rent.

Recommendation

Management should continue to provide oversight of staff's work effort through periodic sampling of tenant files.

Management's Response and Planned Corrective Action

Management will continue to review files, with additional items to be addressed in those reviews, to ensure completion of file documentation. Appropriate action will be taken with employees who continue to ignore agency policy.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-16

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of the Authority.

Condition

The results of our review of twenty-four (24) cash disbursement transactions and ten (10) journal entries revealed the following significant deficiencies:

- Invoices for twenty-two (22) of the cash disbursement transactions tested were not canceled or otherwise defaced to reduce the potential for duplicate use.
- Invoices for fifteen (15) of the cash disbursement transactions tested were not evidenced with a check or review for mathematical accuracy.
- There was no evidence of approval for four (4) of the journal entries selected for testing.

Questioned Costs

None

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-16

Effect or Potential Effect

Deficiencies in the Authority's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole, coupled with the level of organized oversight.

Recommendation

The current interim executive director has initiated, developed and implemented procedures and processes approved by the Board of Commissioners in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should ensure compliance with established policies and procedures by staff.

Management's Response and Planned Corrective Action

Management will perform monthly internal reviews to make certain that all invoice are marked paid; additionally the 22 disbursement that did not have evidence of cancelling have been corrected.

All invoices reviewed by management for payment, will include an attached mathematical tape.

All journal entries will be signed off by management; process started immediately.

Management will make certain that all accounting contractors, administrative staff, etc. adhere to the financial policies and procedures approved by the Board.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-17

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of the Authority.

Condition

Under the Authority's current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets.

We noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls to provide complete, accurate and timely information consistent with the financial reporting objectives and current needs of the Authority.

Questioned Costs

None

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-17

Effect or Potential Effect

Deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole. Also, the untimely receipt of its prepared financial statements impacts management and the Board's review for completeness on a timely basis.

Recommendation

We recommend that management continue to re-evaluate its internal control design, continue to develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's current software processing system to ensure its completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

The Director will more closely monitor the performance of all individuals responsible for all duties and take appropriate action if the job is not performed.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-18

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts such as cash, receivables, prepaid assets, revenues, expenses, etc.

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs revealed the following significant deficiencies:

- o Inadequate controls over voided checks resulting in unsupported voided checks in the amount of \$7,420 at March 31, 2012;
- o Inadequate controls over voided checks resulted in checks in the amount of \$590 reflected as voided in the September 2011 (month judgementally selected for testing) bank reconciliation but were not voided in the general ledger until February 2012;
- o The March 31, 2012 operating account general ledger balance did not agree with the March 31, 2012 reconciled bank balance as reflected on the bank reconciliation;
- o The general ledger and bank reconciliation amounts did not agree to the corresponding Housing Assistance Payment (HAP) register at March 31, 2012; and
- o The December 31, 2011 (month judgementally selected for testing) and March 31, 2012 Voucher Program bank account reconciliations reflected an unresolved out-of-balance condition of \$1,773.40.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-18

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

Effect or Potential Effect

Incomplete financial statements.

Cause

Lack of an established follow-up procedure to ensure the timely preparation and complete review of bank account reconciliations to include significant general ledger accounts.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences; timely reconciliation of significant general ledger accounts between the control and subsidiary accounts. Further, all adjustments resulting from the reconciliations should be adequately supported to justify recordation.

Management's Response and Planned Corrective Action

On a monthly basis, bank account reconciliations are completed and given to the Executive Director including a stale check report. The support for stale checks and subsequent void will be maintained. Checks will be voided in a timely manner and included on the bank reconciliation in the month in which they are voided.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-19

Federal Award Program

PHA Owned Housing and Capital Fund Programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at March 31, 2012 revealed the capitalization of bulk purchases of individual items below the established \$1,000 capitalization threshold.

Questioned Costs

None.

Context

Total expenditures of federal awards for the PHA Owned and Capital Fund Programs were \$727,626 or (15)% of the total federal award for the year ended March 31, 2012.

Effect or Potential Effect

Noncompliance with established capitalization threshold policy.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-19

Cause

Failure to follow established capitalization policy.

Recommendation

Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account on a periodic basis.

Management's Response and Planned Corrective Action

We are reviewing the current capitalization policy to ensure that those items that have a useful life, when applied in the aggregate, can be capitalized.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-20

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

Condition

During the year ended March 31, 2012, the Authority implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-20

Effect or Potential Effect

Misallocation of shared costs to the respective programs administered and potential noncompliance with the requirements of OMB Circular A-87.

Cause

No documented procedure in place to provide staff with an accountable methodology for cost allocation.

Recommendation

We recommend a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Management's Response and Planned Corrective Action

Management will continue to review the allocations on a monthly basis; and make a determination every six months if the allocations need adjustments. Effective October 1, 2012, staff will be required to complete a daily time sheet reflecting work performed for each unit by each employee. Additionally, other data collection sources will be reviewed to ensure that the Authority is capturing true allocation cost.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-21

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy of financial reporting of the Authority.

Condition

During the course of the audit, we continue to note that the financial statements as prepared by the Authority required material adjustments to fairly state various account balances by the Authority. For the current audit, the total number of adjustments posted to impact accounts such as cash, interfund, net assets, etc. totaled forty-one (41) .

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2012 was \$4,857,992.

Effect or Potential Effect

Deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misstatement of financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-21

Cause

Size and skill-set of personnel assigned to the accounting function and the Authority.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's personnel and current software processing system to ensure its completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

The Director will more closely monitor the performance of all individuals responsible for all duties and take appropriate action if the job is not performed. Management will continue to evaluate staff size and skills in the context of overall budget realities.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number
2012-22

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of the detail general ledger generated by the Authority revealed the following significant deficiencies:

- We noted that the Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2012;
- We noted un-reconciled differences in the beginning (April 1, 2011) and ending (March 31, 2011) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Housing Choice Voucher Program as required by HUD; and
- We noted significant unsupported journal entries posted directly to net assets during the year ended March 31, 2012.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-22

Questioned Costs

None

Context

Total amount of federal awards expended for the year ended March 31, 2012 were \$4,857,992.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the performance of a timely and efficient audit

Cause

Lack of an effective system in place to facilitate timely analysis and review to ensure the completeness of all financial statements prepared.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-22

Management's Response and Planned Corrective Action

Management has put in place and will continue to review policies regarding the compliance of programmatic and financial requirements. Additionally, the Authority has instituted policies regarding the storage and maintenance of financial records.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-23

Federal Award Program

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Twenty-four (24) CFR part 5, subpart F (24 CFR, sections 5.601 et seq; and 24 CFR sections 960.253, 960.255 and 960.259) requires management to determine income eligibility and calculate the tenant's rent payment using the documentation from third-verification.

Condition

For one (1) of the five (5) tenant files tested, the rent amount per the move-in/move-out report was different from the monthly rent register.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2012 for the PHA Owned Housing Program were \$367,346 or (8%) of total expenditures of federal awards.

Effect or Potential Effect

Noncompliance with requirements of 24 CFR 5.601, 960.253, etc.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2012-23

Cause

Oversight in the calculation of tenant rent.

Recommendation

Management should continue to provide oversight of staff's work effort through periodic sampling of tenant files.

Management's Response and Planned Corrective Action

Management will continue to work towards an alignment of all reports generated using the TENMAST system data base.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number
2012-24

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of Notice PIH-97-41 which amended PIH-96-33, the Authority is required to have their depositories secure continuously and fully, all deposits that are in excess of the insured amount currently \$250,000. Also, pursuant to Revised Statue 49:321 public funds in excess of \$250,000 Federal Deposit Insurance Corporation (FDIC) coverage amount, must be collateralized by the financial institution in which the funds are deposited.

Condition

The Authority at March 31, 2012, had a collected bank balance with its banker of \$3,715,517. Further, management has an executed depository agreement with its banker to ensure the continuous coverage of its potential credit risk.

However, we noted no evidence to support the amount pledged as collateral on file, nor did we receive a response to our confirmation request from the Authority's banker. Also, there was no evidence to support management's periodic review of pledger reports received to ensure the adequacy in continuous coverage.

Questioned Costs

None.

Context

Total cash was \$4,975,456 at March 31, 2012

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-24

Effect or Potential Effect

A potential credit risk/loss and noncompliance with requirements to collateralized all public funds on deposit in excess of \$250,000.

Cause

Level of oversight involving the periodic review of pledged reports to the Authority's cash balance on a continuous basis.

Recommendation

Management should review its pledge report and compare to its cash balance on a periodic basis to ensure compliance with its depository agreement with its banker.

Management Response and Planned Corrective Action

Management will follow the recommendation relative to collateralization. As part of the Board's monthly financial package, a report to the Board's will be included after staff review.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2012-25

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Pursuant to the requirements of Notice PIH -96-33 as amended by PIH- 97-41, the Authority is required to invest funds of more than \$20,000 in HUD approved Investment Securities.

Condition

At March 31, 2012, the Authority had cash in excess of \$20,000 in its operating funds and Housing Choice Voucher Programs not invested pursuant to PIH-96-33 as amended by PIH-97-41.

Questioned Costs

None.

Context

Total cash and temporary cash investments was \$4,975,456 at March 31, 2012

Effect or Potential Effect

Noncompliance with HUD regulations.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2012-25

Cause

Cash for the Housing Choice Voucher Program was separated in 2011 and management continues to evaluate its investment strategy to ensure compliance

Recommendation

Management should ensure compliance with PIH-96-33 as amended by PIH-97-41.

Management's Response and Planned Corrective Action

The Authority's will adopt an investment policy by December 31, 2012 that adheres to HUD regulations on investment with the consideration of what our monthly operating expenses and our ability to invest in a liquidation investment that will not hamper our operation.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Condition

Our review of the general ledger generated by the Authority's TENMAST software revealed the following significant conditions:

- o The March 31, 2011 general ledgers for the PHA Owned Housing and Voucher Programs reflected beginning balances in the income and expense categories.
- o We noted several misclassifications and/or miscodings of posted financial transactions.
- o General ledger control accounts for prepaid insurance, receivables, security deposits, and payables reflected balances contrary to their normal account balances. For instance prepaid insurance reflected a credit balance of \$21,278 and an associated prepaid insurance account established as a liability account with a debit balance of \$225,729 before the effect of audit adjustments. Accounts receivable at March 31, 2011 reflected a credit balance of \$1,520,640.
- o The March 31, 2010 general ledgers for the PHA Owned Housing and Voucher Programs did not reflect the impact of shared cost except for payroll.

Further, the allocated payroll cost included approximately \$19,000 of temporary labor cost prior to the effect of an audit adjustment.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Condition, Continued

Some of the significant shared and specific program costs noted included inspection cost for the Voucher Program in the amount of \$23,312, employee benefit cost of \$118,947, travel cost of \$21,835, office supplies of \$27,683, etc. Currently, all expenses are paid through the operating account of the PHA Owned Housing Program Fund.

- o The March 31, 2010 general ledger for the PHA Owned Housing Program reflected an out of balance condition in the amount of \$4,614.
- o A review of the general ledger detail revealed several misclassification and/or miscoding of financial transactions.
- o The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2011. See finding reference number 2011-18 for additional discussion.
- o At March 31, 2011, interfund activities reflected a net out-of-balance condition of \$631,956.
- o Also noted unreconciled differences in the beginning (April 1, 2010) and ending (March 31, 2011) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Condition, Continued

- o Expired prepaid costs were not amortized at March 31, 2011 prior to the effect of an audit adjustment.
- o The tenant rent revenue account prior to the effect of an audit adjustment reflected a duplicate rent charge due to an incorrect monthly closing by a Tenant Accounts Receivable Program staff.
- o Two (2) checks physically voided were not reflected on the general ledger as voided. A replacement check was not recorded on the general ledger.
- o The general ledger for the Voucher Program had revenue and related receivable overstated in the net amount of \$1,071,493 for the year ended March 31, 2010 prior to the effect of an audit adjustment. Operating and capital grants while deposited into the Authority's bank account upon drawdown were not properly recorded in the respective general ledger accounts.
- o General ledger accounts for prepaid insurance, receivables, security deposits and payables reflected balances contrary to the normal account balances. For instance prepaid insurance reflected a credit balance of approximately \$25,019 and an associated prepaid insurance account established as a liability account with a debit balance of \$102,384 before the effect of audit adjustments.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Condition, Continued

- o The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2010. See finding reference number 2010-19 for additional discussion.
- o At March 31, 2010, interfund activities reflected an out-of-balance condition of \$2,088,065 prior to the effect of audit adjustments totaling \$1,399,389.
- o Also, noted were unreconciled differences in the beginning (April 1, 2009) and ending (March 31, 2010) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

Recommendation

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include allocation and recordation in the respective general ledger, shared and paid expenses for other programs.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Current Status

The following represents a detail status of the referenced findings:

- | | |
|---|-----------|
| 1. March 31, 2011 general ledgers for Low Rent and Voucher Programs reflected beginning balances in the income and expense categories. | Resolved. |
| 2. Misclassification and/or miscoding of posted financial transactions (2011 audit). | Resolved. |
| 3. General ledger control accounts for prepaid insurance, receivables, security deposits, and payables reflected balances contrary to their normal account balances. For instances prepaid insurance reflected a credit balance of \$21,278 and an associated prepaid insurance account established as a liability account with a debit balance of \$225,729 before the effect of audit adjustments. Accounts receivable at March 31, 2011 reflected a credit balance of \$1,520,640. | Resolved. |
| 4. March 31, 2010 general ledgers for L/R and Voucher did not reflect the impact of shared cost except in payroll. | Resolved. |

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Current Status, Continued

- | | |
|---|---------------------|
| 5. Allocated payroll cost included approximately \$19K of temporary labor cost prior to the effect of an audit adjustment. | Resolved. |
| 6. Some of the significant shared and specific program costs noted included inspection cost for the Voucher Program in the amount of \$23,312, employee benefit cost of \$118,947, travel cost of \$21,835, office supplies of \$27,683, etc. Currently, all expenses are paid through the operating account of the PHA Owned Housing Program Fund. | Resolved. |
| 7. March 31, 2010 general ledger for the L/R program reflected an out of balance in the amount of \$4,614. | Resolved. |
| 8. Miscalssification and/or miscoding of posted financial transactions (2010 audit). | Resolved. |
| 9. Did not maintain a separate ledger for DHAP. | Partially Resolved. |

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Current Status, Continued

- | | |
|--|---------------------|
| 10. March 31, 2011 interfund out of balance of \$631,956. | Partially Resolved. |
| 11. Unreconciled differences in the beginning and ending balances of net assets. | Unresolved. |
| 12. Expired prepaid costs were not amortized at March 31, 2011 prior the effect of audit adjustment. | Resolved. |
| 13. Two (2) checks physically voided were not reflected on general ledger. | Unresolved. |
| 14. The general ledger for the Voucher Program had revenue and related receivable overstated in the net amount of \$1,071,493 for the year ended March 31, 2010 prior to the effect of an audit adjustment. Operating and capital grants while deposited into the Authority's bank account upon drawdown were not properly recorded in the respective general ledger accounts. | Resolved. |

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Current Status, Continued

- | | |
|---|---------------------|
| 15. Overstated Voucher revenue for year ended March 31, 2010. Operating and capital grants not recorded properly. | Resolved. |
| 16. Also noted unreconciled differences in the beginning (April 1, 2010) and ending (March 31, 2011) net assets amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program. | Partially Resolved. |
| 17. The tenant rent revenue account prior to the effect of an audit adjustment reflected a duplicate rent charge due to an incorrect monthly closing by a Tenant Accounts Receivable Program staff. | Resolved. |

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, 2010-30, 2009-05, 2008-05, 2007-03, 2007-04,
2007-05, 2007-08, 2007-09, 2006-01, 2006-02, 2005-04, 2006-06, 2005-02,
2000-01, 2004-01, 2000-04, 2000-11, 1999-02, 1998-02, and 1998-10

Current Status, Continued

- | | |
|---|---------------------|
| 18. General ledger accounts for prepaid insurance, receivable, security deposit, and payables at March 3, 2010 had balances contrary to normal. | Resolved. |
| 19. At March 31, 2010, interfund activities reflected an Out of balance of \$2,088,065 prior to the effect of audit adjustments. | Partially Resolved. |
| 20. General ledger did not reflect restricted net assets for the Voucher Program. | Partially Resolved. |

In summary, findings reference numbers 2011-01, 2011-25, 2010-01 and 2011-30 are partially resolved.

All other findings dated prior to 2010 are considered resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition

The results of our review of twenty-five (25) cash disbursement transactions (selected month December 2010) revealed the following conditions:

- o Four (4) of twenty-five (25) transactions tested revealed instances where the expenses reviewed were charged to incorrect general ledger account numbers.
- o In two (2) of twenty-five (25) cash disbursement transactions tested, supporting documentation in the form of invoices were misfiled or not available for our review.
- o Invoices of six (6) of the twenty-five (25) transactions tested were not canceled to avoid the potential for duplicate use.
- o We were unable in seventeen (17) of seventeen (17) invoices of twenty-five (25) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
- o Two (2) of the twenty-five (25) transactions tested were incorrectly calculated and paid resulting in an overpayment of \$1.55 in one (1) instance and an underpayment of \$8.78 in the other instance.
- o For four (4) of the twenty-five (25) transactions tested, the check requests attached were incomplete.
- o The Authority was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

- o Twenty-two (22) of seventy-three (73) transactions tested revealed instances where expenses were not charged to the correct general ledger account number.
- o The Authority through and on behalf of its previous executive director disbursed via an "ACH" payment, one half of his monthly car allowance. The current interim executive director did not possess authorization until January 15, 2011.
- o Two (2) of six (6) Housing Assistance Payments returned by the Authority's banker were not reflected in the general ledger prior to the impact of an audit adjustment.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

The results of our review of seventy-three (73) cash disbursement transactions revealed the following conditions:

- o Twenty-four (24) of the seventy-three (73) transactions tested were not supported with invoices. Five (5) of the twenty-four (24) transactions involved credit card purchases consisting of twenty-three (23) individual transactions totaling \$13,240. \$7,395 of the \$13,240 in credit card purchases not supported by invoices involved travel expenses. Three (3) of the purchases were described on the voucher section of the check as "gas to pick up computers" in Atlanta, Georgia on August 26, 2009 with a return date of August 30, 2009 (dates are based on transaction dates on the credit card statement). We were unable to identify any additional cost associated with this travel. According to the Authority's travel policy signed September 1, 1997, all amounts over thirty (30) dollars must be vouchered to receipts.
- o Supporting documentation, in the form of invoices and cancelled checks for eleven (11) of the seventy-three (73) transactions selected for testing were not available for our review.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition

- o Three (3) of seventy-three (73) transactions tested were incorrectly expensed in the current period. One of the three (3) transactions involved credit card statements consisting of four (4) individual transactions totaling \$1,213.
- o Invoices for fifty-three (53) of the seventy-three (73) transactions tested were not canceled to avoid duplicate use.
- o Sixteen (16) of the seventy-three (73) transactions totaling \$12,726 tested were ineligible expenses. A detail of the expenses follows:

\$ 5,000	Donation to non profit organization
500	Payment to non profit organization's executive director
7,100	Auto allowance to former executive director
<u>126</u>	Flowers to former executive director's father and other third party

\$12,726

The contract executed with the former executive director allowed for a car allowance or a vehicle purchased by the Authority.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

On June 30, 2008, the Authority purchased a vehicle used exclusively by the former executive director. Further the insurance coverage on the vehicle listed the former executive director as the only authorized driver.

- o Fifty-nine (59) of the seventy-three (73) transactions tested exhibited no evidence of the verification of the mathematical accuracy of the invoices prior to payment.
- o Twenty-seven (27) of the seventy-three (73) transactions tested involved transactions incurred on behalf of and approved by the former executive director.

Most of the transactions involved payment of a car allowance, per diem, purchase of flowers, etc.

- o For four (4) of the seventy-three (73) transactions tested, the check request bore no written approval by the former executive director or a designated staff.
- o We noted two (2) package deliveries to and from the former executive director while in Kansas for which we are unable to determine the business purpose based on information provided to us.
- o The Authority was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

- o The Authority overpaid on its credit card statement balance due by \$2,443 for the statement period from March 11, 2009 through April 10, 2009.
- o In a disbursement made to a contractor for inspection services performed, we noted where the mileage charged was not in agreement with the terms of the executed contract calling for the use of the applicable government rate (fifty-five cents in 2009 and fifty cents in 2010).
- o Two (2) of the five (5) inspected units detailed on the log submitted were unassisted units. Based on discussion with management, we were unable to determine the basis for the inspection and associated cost.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness. Also, all services requested should be reviewed for completeness prior to payment.

Management and the Board should consider an in depth review of transactions executed to ensure propriety.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Current Status

Unresolved. See current year findings reference numbers 2012-01 and 2012-22.

The executive director will review invoices on a monthly basis with a targeted exception rate of zero.

Further, a checklist to ensure compliance and documentation of the Authority's verification of vendor suspension and/or debarment will be implemented immediately.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-03, 2010-32, 2009-02, 2009-14, 2008-01, and 2007-02

Condition

Considering the size of the Authority, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets. Currently, internal financial transactions processing of the Authority is performed primarily by an Administrative Assistant with oversight by a fee accountant.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system from providing complete and accurate information consistent with the financial reporting objectives and current needs of the Authority.

The Authority currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness and accuracy of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2010-03, 2010-32, 2009-02, 2009-14, 2008-01, and 2007-02

Current Status

Unresolved. See current year findings reference numbers 2012-03 and 2012-17.

Internal controls have been strengthened; segregation of duties have been outlined and financial procedures have been written to give direction on expected operational procedures. Management will continue to review and monitor adherence to internal control procedures.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-02, 2011-26, 2010-04, 2010-33, 2009-03 and 2007-01

Condition

Currently, the Authority does not possess the required staffing qualification and training in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes pursuant to the requirements of generally accepted accounting principles.

Recommendation

Management should continue to explore and commit the required level of resources necessary to ensure its ability to provide complete financial information and design internal control policies and procedures to minimize, if not eliminate, the potential for misappropriation of assets.

Current Status

Partially resolved. Based on budgetary limitation, management has ensured that personnel were trained and have had monthly assessment of work product. Through the establishment of financial procedures and instituting solid internal controls we have minimized the potential for misappropriation of assets.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-03 and 2011-27

Condition

Under the Authority's current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets. Currently, internal financial transactions processing of the Authority is performed primarily by a contracted staff with oversight by a contracted fee accountant. Also, the general ledger is interfaced with program transactions generated by staff from the Low Rent and Voucher Programs.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system's ability to provide complete and accurate information consistent with the financial reporting objectives and current needs of the Authority.

Further, the Authority uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the complete and accurate generation of financial statements.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2011-03 and 2011-27

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Partially resolved. See current year findings reference numbers 2012-03 and 2012-17.

Under the current interim executive director, the Board has approved subsequent to year-end, revised and/or new policies and procedures to address the referenced conditions. Furthermore, the Board has established a Finance Committee to provide an enhanced level of oversight of the finances of the Authority.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-04, 2011-28, 2010-06

Condition

The Authority has established a system to ensure the timely billing for all portability activities with other housing authorities. However, payments from portability transactions are not segregated between housing assistance payments and fees to ensure accurate and complete financial statement reporting. In addition, portability collections totaling approximately \$618,000 and recorded for the year ended March 31, 2011 included amounts for which management was unable to provide underlying supporting documents other than bank statements and copies of selected checks. Also, the collection based on our limited review, included prior year amounts for which the impact on the Authority's beginning net assets has not been performed because of the nature of recordkeeping.

It is our understanding that on April 1, 2011, management instituted revised procedures for accounting for portability related activities.

Recommendation

Management should continue to review its implemented procedures to ensure the complete billing and accounting for all portability related activities.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-05, 2011-29, 2010-34 and 2010-07

Condition

Our testing of three (3) employee files for payroll transactions executed during the month of December 2010 (month selected for testing) revealed the following conditions:

- o Lack of a written payroll procedure to include an updated personnel Handbook.
- o Unapproved leave request form for one (1) of three (3) employees tested.
- o The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by the Authority. Further, leave information was not adequately tracked to ensure completeness.
- o No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll to include the required immigration form (I-9).
- o Incorrect insurance deduction in all three (3) employees tested.
- o Vacation time used by one (1) employee was incorrectly charged to regular time.

Our request for payroll documents for the Authority's personnel revealed the following conditions:

- o We noted through a review of the Authority's payroll register for the period from April 2009 through March 2010, no charge for annual and/or sick leave use for the former executive director. Further, we noted no records on file to support approval of leave use by the Board.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-05, 2011-29, 2010-34 and 2010-07

Condition, Continued

- o The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by the Authority.
- o No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll.
- o We selected six (6) employees and requested their approved leave request noting in four (4) of the six (6) no approval at the supervisory level for leave used.

For the remaining two (2), the Authority could not locate the approved leave use request.

Our review of the December 2009 payroll register revealed the accrual of incorrect leave earned as a result of duplicate posting of payroll for the December 10, 2009 payroll. We noted no subsequent correction of the error.

- o A review of gross payroll and deductions except for federal and state income taxes for two (2) employees for December 2009 (test month selected) revealed in one instance where the deduction for health insurance for the former executive director was not correctly calculated to the benefit of the former director and in another instance, no deduction for health insurance was deducted from an employee also to the benefit of the employee. Total estimated impact was approximately \$1,416 for the 2010 fiscal year.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-05, 2011-29, 2010-34 and 2010-07

Recommendation

We recommend a review of the current personnel administration process to ensure the implementation of a system that will accurately capture and record transactions, providing for all required documents to include the necessary State Civil Service approvals.

Management should perform an indepth review of payroll transactions to ensure completeness.

Current Status

The following represents a detail status of the referenced findings:

- | | |
|---|-------------|
| 1. We noted through a review of the Authority's payroll register for the period from April 2009 through March 2010, no charge for annual and/or sick leave use for the former executive director. Further, we noted no records on file to support approval of leave use by the Board. | Resolved. |
| 2. The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by the Authority. | Resolved. |
| 3. No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll. | Unresolved. |

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-05, 2011-29, 2010-34 and 2010-07

Current Status, Continued

- | | |
|---|-------------|
| 4. We selected six (6) employees and requested their approved leave request noting in four (4) of the six (6) no approval at the supervisory level for leave used. | Resolved. |
|
 | |
| For the remaining two (2), the Authority could not locate the approved leave use request. | Resolved. |
|
 | |
| Our review of the December 2009 payroll register revealed the accrual of incorrect leave earned as a result of duplicate posting of payroll for the December 10, 2009 payroll. Noted no subsequent correction of the error. | Unresolved. |
|
 | |
| 5. A review of gross payroll and deductions except for federal and state income taxes for two (2) employees for December 2009 (test month selected) revealed in one instance where the deduction for health insurance for the former executive director was not correctly calculated to the benefit of the former director and in another instance, no deduction for health insurance was deducted from an employee also to the benefit of the employee. Total estimated impact was approximately \$1,416 for the 2010 fiscal year. | Unresolved. |
|
 | |
| 6. Lack of a written payroll procedure to include an updated personnel Handbook. | Resolved. |

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-06 and 2011-30

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs at December 31, 2010 and March 31, 2011 revealed the following conditions:

- o PHA Owned and Voucher Housing Programs December 2010 and March 2011 bank account reconciliations were incomplete because the beginning and ending balances as reflected on the reconciliations did not agree to their respective general ledger balances. Further, we noted other conditions such as the improper accounting for voided checks, stale dated checks, interest earned on the bank account balance, tenant payments and deposits of "EFT" returns, etc.
- Both bank account reconciliations were not prepared on a timely basis. As a result of this condition, the reconciliations provided lacked supervisory review.
- o Unreconciled differences resulting from the reconciliations were not resolved and adjusted on a timely basis. As such, the reconciliations for December 2010 and March 2011 listed several proposed adjustments.
- o Two unsigned checks totaling \$251,590 prepared by the previous executive director and not distributed at December 31, 2010 (selected month reviewed), were reported on the bank account reconciliations as outstanding checks.
- o Numerous adjustments proposed by the Authority in an effort to "catch-up" on various reconciliations lacked the appropriate supporting documents to justify recordation of entries generated from the reconciliations.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-06 and 2011-30

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences. Further, all adjustments resulting from the reconciliation should be adequately supported to justify recordation.

Current Status

Partially resolved. See current year findings reference numbers 2012-04 and 2012-18.

Management has initiated a procedure that requires a monthly review of all bank account reconciliations.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-07 and 2011-31

Condition

Our testing of capital assets at March 31, 2011 revealed the following conditions:

- o Noted no maintenance of capital assets subsidiary ledgers for all PHA Owned and Capital Fund Programs. However, a detail schedule maintained for office equipment did not agree to the general ledger control account balance by approximately \$26,000. Further, we were unable to conclude on the completeness of a proposed client adjustment to address the referenced difference. Our judgment was impacted by the fact that some selected unit costs used in the detail priced-out schedule lacked supporting documentation to facilitate the determination of the validity of the unit cost.

Recommendation

Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account. This process should include the establishment and maintenance of all required subsidiary ledgers.

Current Status

Partially resolved. See current year findings reference numbers 2012-05 and 2012-19.

As of March 31, 2012, the Authority does have a subsidiary capital asset ledger. We will review the subsidiary to its control account ledger on a monthly basis.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-08 and 2011-32

Condition

Our review of selected general ledger control accounts and related subsidiary ledgers revealed the following conditions:

- o The March 31, 2011 accrued vendor payables balance prior to the impact of audit adjustments, was overstated. The overstatement resulted from the Authority recording the liquidation of prior year's accrual as current year's expenses.
- o Security deposit balance reported on the general ledger prior to the impact of audit adjustment did not align to the detail schedule provided to us by approximately \$9,000.
- o The monthly Housing Assistance Payments (HAP) register was not being generated to facilitate the complete reconciliation to the general ledger by Finance on a timely basis.

Currently, HAP expenses are recorded to the general ledger based on bank statement activities. While the Voucher Program's monthly processes interface with the general ledger, there is no procedure in place to ensure its completeness and accountability by type of program (regular HAP, portability, DHAP, etc.).

For the months of December 2010 and March 2011, we were unable to agree the general ledger control balances to the respective HAP register balances. The Authority provided a landlord payment register which differed from the general ledger account balance for the referenced dates.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2011-08 and 2011-32

Recommendation

We recommend that all significant general ledger control accounts be reconciled monthly to associated subsidiary ledgers. All differences must be resolved with any resulting adjustments posted immediately.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-09 and 2011-33

Condition

During the year ended March 31, 2011, the Authority implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Recommendation

We recommend a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Current Status

Unresolved. See current year findings reference numbers 2012-06 and 2012-20.

Management effective October 1, 2012 has developed a new time sheet to be used for all employees which delineate job functions. Contractors will submit billings outlining the percentage of their billing to various programs. On a quarterly basis management will review the allocation of cost plan to ensure that it is appropriate.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-10 and 2011-34

Condition

The Authority's December 2010 TENMAST rental register revealed the following conditions:

- o The rental register (rent roll) amount reflected an incorrect rent charge from the amount reflected on the tenant lease (the system charged a partial rent instead of the applicable month's full rent). Further, in another instance, an incorrect rent was charged due to the fact that the Authority failed to pro-rate the tenant's rent in the first partial month of occupancy.

Recommendation

Management should revisit with its current tenant rental processing to ensure that monthly rent transactions and other charges are complete and accurate.

Current Status

Unresolved. See current year's finding reference number 2012-12. Management continues to revisit with this issue in an attempt to get an accurate TARs report. The public housing manager has been trained on the system and on the accuracy of the information that is being inputted. Each manager meets with accounting on a monthly basis to reconcile the HAP register and the TAR reports to the general ledger. Management will continue to monitor the ability of staff to generate accurate reports from the system. In addition new reporting procedures have been instituted to ensure deposits to the bank reconcile with the TARs report.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-11

***Condition**

The Authority does not have an approved investment policy.

Recommendation

Management should develop for board approval an investment policy pursuant to the requirements of State Law.

Current Status

Unresolved. The Board of Commissioners will adopt an investment policy by December 31, 2012.

***Repeat**

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-12

Condition

We were unable to verify the timely submission of two (2) of ten (10) completed Form HUD 50058 by the Authority's personnel. In one (1) instance the form was submitted late.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Current Status

Unresolved. See current year's finding reference number 2012-10.

Management continues to review the HUD/PIC system for the delinquency reporting, re-examination, etc. Management will also review a sampling of files each month to determine file accuracy and completeness. Management will also establish a policy regarding the signing of 50058 in order that both programs are consistent.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-13

Condition

A contract with a service provider dated December 1, 2006 was without the benefit of written modification(s) to align to the current rates billed to and paid by the Authority.

It is our understanding that subsequent to year end the service has been terminated.

Recommendation

Management should ensure that all cash disbursements are adequately supported by the appropriate invoice and/or current contract terms, as applicable.

Current Status

Resolved. The Authority has established contract logs by fiscal year. The log delineates the period of time and terms for each contractual agreement.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number
2011-14

Condition

In seven (7) of ten (10) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where the Authority had secured criminal reports.

In two (2) of the ten (10) files tested, the declaration of Section 214 status was either incomplete or missing for dependents.

One (1) of the ten (10) files tested, lacked a birth certificate for a dependent.

Annual income used in the computation of a tenant's payment was incorrect.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2012-12.

Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files. Appropriate action will be taken with staff that causes this finding to be re-occurring.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012.**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-15 and 2010-04

Condition

In one (1) instance of ten (10) files reviewed, we noted the lack of written documented evidence of community services performed by an eligible tenant.

Recommendation

Management should review its existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-16 and 2010-17

Condition

In seven (7) of ten (10) files tested, the utility allowance used in the calculation of tenant rent was not current (within twelve months) resulting in an incorrect tenant rent payment amount. Board minutes reflect an approved utility survey in May 2010. We noted through the end of fieldwork, the subsequent correction of all exception for one (1) tenant.

Recommendation

We recommend compliance with the requirements of 24 CFR, regarding the use of current data in the calculation of tenant rent.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-17 and 2010-18

Condition

For three (3) tenants, the verified income amount did not agree to the amount used to compute each tenant's rent payment amount.

Recommendation

We recommend that management continue to review on a test basis, the completeness in certification and/or re-certification of tenant files on a periodic basis.

Current Status

Unresolved. See current year's finding reference number 2012-12.

Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-18 and 2010-19

Condition

Based on review of the DHAP Program and records available, we noted the following:

- o DHAP financial transactions (HUD operating grants received) for the year ended March 31, 2011 were included in the records of the PHA Owned Housing Program.
- o The Authority did not maintain a HAP register for the DHAP program. As such, we were unable to verify the completeness in recorded HAP and/or associated program expenses for the year ended March 31, 2011.
- o The records for DHAP are not maintained in a complete and accurate manner to facilitate an effective and efficient audit.
- o The DHAP financial transactions (housing assistance payments and HUD operating grants) for the year ended March 31, 2010, were included in the records of the PHA Owned Housing Program as a net amount.
- o The Authority provided us with an "ACH" disbursement report in lieu of a HAP register. The report did not include all pertinent information required in a housing assistance payment register.
- o The records for DHAP are not maintained in a complete and accurate manner to facilitate a speedy and effective audit.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2011-18 and 2010-19

Recommendation

Management should evaluate the conditions previously described and established adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all financial transactions.

Current Status

Partially resolved. See current year's finding reference number 2012-13.

DHAP as of March 31, 2012 has an established general ledger. The Authority has reconciled with HUD and FEMA. All transactions receipt and expenditure of funds have been reconciled and supported with documentation.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-19

Condition

For one (1) of ten (10) tenant files reviewed, we noted an instance where a member of the household over 18 did not sign the required HUD Form 9886.

Recommendation

Management should ensure that all files contain complete and accurate information to support eligibility determination.

Current Status

Resolved.

Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a review of a monthly sampling of files.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-20

Condition

In two (2) instance of fifteen (15) files tested, we noted where the calculated tenant rent payment amount was incorrect.

Recommendation

Management should continue to provide oversight of staff's work effort through periodic sampling of tenant files.

Current Status

Unresolved. See current year's finding reference number 2012-12.

Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-21

Condition

Management of the Authority does not consistently maintain documented evidence to facilitate an independent review of its timely submission of Form HUD 50058. We noted in six (6) of fifteen (15) files tested no documented evidence to verify the timely submission of Form HUD 50058.

Recommendation

Management should revisit its current report submission process to ensure the documented submission of all Form HUD 50058.

Current Status

Unresolved. See current year's finding reference number 2012-10.

Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-22 and 2010-23

Condition

The current "VMS" reporting preparation process is performed on a manual basis. As such, that process provides opportunities for errors as the level of detail undertaken by the Authority in isolating and identifying current versus prior month adjustments to reconcile to the HAP register, regular versus DHAP etc., is very labor intense.

We were unable to verify the completeness of the "VMS" information provided for the December 2010, March 31, 2011 and December 2009 submissions.

It is our understanding that management has implemented a computerized system for its "VMS" reporting effective May 2011.

Recommendation

We recommend that management explore and consult with its software provider on resources available to generate the required data electronically. Further, all reports must be reconciled to the necessary supporting documents for agreement prior to submission.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-23, 2010-13 and 2009-07

Condition

All 2011 tenant move-ins into the Authority's PHA Owned Housing Program based on our review lacked documented evidence to support the order of placement from the waiting list; because the waiting list is maintained on real time.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960.202 through 960.206.

Current Status

Unresolved. See current year's finding referenced number 2012-14.

This continues to be a recurring problem and management will continue to monitor this issued and make the appropriate staffing adjustments. Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-24 and 2010-18

Condition

In one (1) instance of the fifteen (15) files tested, the tenant's deduction for an allowance used by the Authority lacked a documented basis for the claim.

In another instance of the referenced files tested, a tenant's annual income calculation based on verified income was incorrectly computed by the Authority.

Recommendation

Management should enhance its oversight of tenant files processed to minimize, if not eliminate, the error in the certification and/or re-certification process.

Current Status

Unresolved. See current year's finding reference number 2012-12.

This continues to be a recurring problem and management will continue to monitor this issued and make the appropriate staffing adjustments. Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-09

Condition

Our testing of capital assets at March 31, 2010 revealed the following conditions:

- o The construction cost associated with the main office of approximately \$312,000 was not correctly reflected in the general ledger under the asset category.
- o Supporting documentation for the construction cost incurred for the main office was not available. However, the Authority was able to secure copied documents from its legal counsel.
- o The GASB 42 calculation (depreciation expense, gain on insurance proceeds, etc) and recordation of the associated impairment loss was not complete.
- o Construction in progress included \$26,693 of cost associated with the completed construction of the main office building.
- o Additionally, we noted an overpayment in the amount of \$6,600 to an architect on invoice payment number 10. A subsequent invoice payment number 12 was adjusted by the architect to reflect the benefit in the overpayment. Further, based on discussions with management and review of the architect's contract, we noted an error in the out of pocket cost line item. The contract should have read \$5,000 and not \$500,000. The total contract award was \$344,000.
- o The detail listing for furniture and fixtures provided to us for the March 31, 2010 fiscal year end, did not agree to the general ledger amount.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2010-09

Recommendation

Management should revise its current practice to ensure the level of oversight necessary for the completeness and accuracy of its financial statements.

In addition, the level of due diligence to include management's oversight exercised in the execution of all documents should be enhanced to ensure completeness and propriety of all executed documents.

Current Status

Resolved.

Present management made the auditor aware of the "out of pocket expense" issue relative to the architectural contract, in addition the plans for the administrative building was secured by the Authority from the architectural firm that worked on the project. Management has instituted a contract log and for a contract review process for all project in which funds are expended.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-11, 2004-03, 2002-07 and 2001-04

Condition

The annual Section Eight Management Assessment Program (SEMAP) Certification report was not submitted within sixty (60) days of the Authority's year end.

Recommendation

We recommend the development and implementation of a global reporting matrix system to ensure the timely submission of all required reports.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-12, 2009-09, 2009-06, 2008-06 and 2008-07

Condition

In all twelve (12) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where, the Authority had secured criminal reports.

Recommendation

Management should ensure that all files contain the required information necessary to support the complete determination of each tenant's eligibility to participate in the housing program.

Current Status

Partially resolved.

This continues to be a recurring problem and management will continue to monitor this issue and make the appropriate staffing adjustments. Management will continue to monitor tenant/client file maintenance to ensure that each file is accurate and complete. Management will conduct a monthly sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-21, 2009-11, 2008-09, 2004-02 and 2008-10

Condition

During the year ended March 31, 2010, all move-ins into the Authority's Voucher Program were through DHAP participants. Based on our review of the waiting list provided to us by the Authority, we noted that the listing was not up to date. Further, no recent analysis of the waiting list had been prepared.

The level of Housing Choice Voucher Program move-ins during the 2010 fiscal year has and continues to impact the lease-up level of the Voucher Program.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207. Further, management should re-evaluate its outreach program in order to help maintain its required lease-up level.

Current Status

Partially resolved.

Management has determined that based on HUD funding for HCV and the average tenant rent, the Authority cannot house more than four hundred and fifty-five (455) tenants. The waiting list is currently up to date, including the merging of the Pearl River and the Authority waiting lists.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-25

Condition

Our review of construction contracts for the Washington Height and Country Garden locations for the Authority, revealed the absence of documented evidence for labor and mechanical workers. Total cumulative construction cost through March 31, 2010, was \$2,733,837.

Recommendation

We recommend that management ensures compliance with the requirements of the Davis Bacon Act in all future contracts.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-27 and 2007-18

Condition

In July 2009, the former executive director executed a check for \$13,000 payable to himself. We were unable to review any documents to support the disbursement.

The inscription on the check voucher section read disbursement for retro pay. Further, we noted that the payment was made through the accounts payable process and not payroll. As such, the disbursement was without the benefit and associated FICA taxes. We also noted that a 1099 was issued instead of inclusion in the Internal Revenue service form W-2 issued.

Recommendation

We recommend that the new management review the reference disbursement in terms of its validity.

Current Status

Partially resolved.

Since, this amount was paid through the account payable system and not payroll a 1099 was issued. However, we have instituted policies that would prevent this from recurring.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-28

Condition

In July 2009, the Authority approved a five (5) year contract with the former executive director without the benefit of HUD's approval.

Recommendation

We recommend that the new management discuss the reference violation with HUD.

Current Status

Resolved.

The Board has policies that are in place to avoid this finding from recurring.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-29, 2009-12 and 2008-11

Condition

Based on review of five (5) tenant files, we noted the following:

- o We were unable to identify tenant approval from the DIS System for all five (5) files.
- o We were unable to verify if completed tenant information had been inputted into the DIS System for all five (5) selected tenants.
- o In all instances, we were unable to verify compliance with rent paid amount in terms of reasonableness and alignment with fair rent. Also, noted no inspections performed.

The overall condition of the DHAP records does not facilitate an effective and efficient audit.

Recommendation

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.

Current Status

Resolved. The Authority has reconciled HUD findings and have accepted their DIS information because of the inaccuracy of the Authority's information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2010-36

***Condition**

For the year ended March 31, 2010, net operating loss was \$1,098,148. Approximately seventy-six (76%) percent of the loss is attributable to the Voucher Program.

Based on our review of the authorized budget of \$2,205,689, the Authority earned \$1,571,604 or seventy-six (76%) percent of the authorized budget amount in part due to the level of leased-up.

Recommendation

We recommend that management immediately review the current financial status of the Voucher Program. Further analysis of the housing assistance payments should be performed to align with the level of authorized funding.

Current Status

Resolved.

Due to the cash management system instituted by HUD and the Authority's planning purposes, the Authority is tracking its utilization and leasing. Although we are authorized under ACC, 612 units, we are leasing based on our allocation and the average HAP payment.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2009-08 and 2008-08

Condition

In one (1) of the four (4) files reviewed, we noted no complete documented re-certification as required by regulation.

Recommendation

We recommend compliance with the requirements of 24 CFR, regarding tenant re-certification. Management should consider the use of resources available under its TENMAST software to generate and review compliance with re-certification.

Current Status

Partially resolved.

Management frequently reviews the HUD/PIC system to identify all delinquencies to the system. Will continue this process and will institute procedures to correct this problem, particularly in the Low-Rent program.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued

Reference Number

2007-19

***Condition**

Two key employees obtained occupancy of two low income apartment units from January 1, 2006 to August 1, 2008.

Recommendation

It is recommended that the Authority follows federal rules and regulations regarding its housing programs.

Current Status

Unresolved.

Management is presently following all regulations in the management of all of its programs.

Policies and procedures now in place will prevent this finding in the future. The Board will make a final determination regarding this issue by December 31, 2012.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued

Reference Number

2005-01 and 2005-03

Condition

As a result of the impact of Hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers, program participant file information, etc. were not available. The Authority was able to maintain its general ledger and other program data as its computer system is managed remotely by a service provider located outside of Louisiana.

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. The evaluation should include offsite storage opportunities by the Authority's financial and program software processing service provider. Also, management should continue the reconstruction of its program and financial records.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section V - Other Matters

During the week of August 31, 2009 HUD performed on-site "SEMAP" review. The results of the review follows:

Reference Number

HUD - 09-01 - Failure to Conduct Quality Control for Rent Reasonableness

Condition

The Authority has a process for determining rent reasonableness and documents the files to show the rent is reasonable as required. However, the Authority does not perform a quality control sample to determine if the Authority followed its written method to determine reasonable rent for new admissions, rental increase requests and decreases in fair market rents.

Corrective Action

Based on the number of new admissions and/or rental increase requests, the PHA must annually document a minimum of eleven (11) files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person) and maintain in a QC file. A copy of the QC sample is required to clear this finding.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters, Continued

Reference Number

HUD - 09-02 - Failure to Conduct Quality of Determination of Adjusted Income

Condition

The Authority properly obtains third party verification of income and properly determines adjusted income in most cases. However, the Authority does not conduct quality control reviews of a sample of files to show the Authority is properly verifying and determining adjusted income and is using the appropriate utility allowance in determining gross rent.

Corrective Action

Based on the number of vouchers funded, the PHA must annually document at least eleven (11) files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person). The PHA should perform quality control of this indicator. A copy of your QC sample is required to clear this funding.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters, Continued

Reference Number

HUD - 09-03 - Failure to Conduct Quality Control of HQS Inspections

***Condition**

The PHA did not review a sample of HQS inspections as a quality control measure.

Corrective Action

Based on the number of vouchers funded, the PHA must annually document quality control reviews of at least eleven (11) inspections drawn in an unbiased manner and conducted by a PHA supervisor (or other qualified person). The QC inspections should be maintained in a QC file. A copy of the QC sample is required to clear this finding.

Current Status

Resolved. This has been resolved by HUD through verbal confirmation and HUD is researching their files for the clearance.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters, Continued

Reference Number

HUD - 09-04 - Failure to Conduct Quality Control of HQS Enforcement

***Condition**

24 CFR 982.404 and 985.3 state that following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiency must be corrected within 24 hours from the inspection and all other cited HQS deficiencies must be corrected within no more than 30 calendar days from the inspection or any PHA-approved extension. In addition, if HQS deficiencies are not corrected in a timely manner, the indicator shows whether the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the PHA contract for the family.

Corrective Action

Develop and implement a Quality Control system that tracks HQS enforcement and include, as a minimum, the name of participant/landlord, address of unit, date and results of previous inspection, inspector's name and date of notification regarding deficiencies, date of re-inspection, date of abatement and date of termination (if applicable). A copy of the QC sample is required to clear this finding.

Current Status

Resolved. This has been resolved by HUD through verbal confirmation and HUD is researching their files for the clearance.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section V - Other Matters, Continued

Reference Number

HUD - 09-05 - Failure to Implement Expanding Housing Opportunities
to Encourage Owner Participation

Condition

The Authority did not implement a written policy to encourage landlord participation for expanding housing opportunities. The Authority's briefing packet does not contain the required information.

Corrective Action

The Authority documentation shows it has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration. The Authority cannot otherwise document that it took the actions indicated in its policy to encourage participation by owners of units outside areas of poverty and minority concentration. The Authority has not prepared maps that show various areas both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration. The Authority's information packet does not contain a list of owners who are willing to lease for properties available for lease. This information, is however, available at the Authority. The information packet includes an explanation of how portability works, but does not include a list of neighboring PHAs. The PHA cannot document that it has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration. To clear this finding, provide copies of the missing documentation.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section V - Other Matters, Continued

Reference Number

HUD - 09-06 - Failure to Conduct Timely Annual Re-Examinations

Condition

As of March 31, 2009, the MTCS Re-Examination Report shows the Authority has 11% of units not re-examined in a timely manner.

Corrective Action

On a monthly basis, the Authority should review the Re-examination Report in PIC to ensure the number of months since the last re-examination for each tenant reflects 12 months or less.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters, Continued

Reference Number

HUD - 09-07 - Failure to Inspect Each Newly Leased Unit Before the
Beginning Date of the Assisted Lease and HAP Contract

Condition

As of March 31, 2009, the MTCS report shows the Authority had 11% of units not inspected before the beginning date of the assisted lease and HAP contract.

Corrective Action

On a monthly basis, the Authority should review the HQS Report in PIC to ensure the number of months since the last HQS inspection reflects 12 months or less.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters, Continued

Reference Number

HUD - 09-08 - Failure to Maintain Lease-Up of at Least 90%

Condition

As of March 31, 2009, the Authority had a lease up rate of 85%.

Corrective Action

The Authority should make every effort to begin processing their waiting list in order to fully lease up the program. Submit a report monthly to the local HUD office reflecting the lease up rate.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters

Reference Number

HUD - 08-02

***Condition**

The Authority is downloading incorrect data to the general ledger thereby reporting inaccurate financial records. The Tenant Accounts Receivable as per the financial statements as of December 31, 2007 reflects the amount of \$43,595 due to the Authority.

Corrective Action

The Authority must correct its financial statement to reflect the actual amount monies due to the Authority in Tenant Accounts Receivable. Submit a copy of the corrected statement with a Board resolution confirming completion of the task.

Current Status

Unresolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section V - Other Matters, Continued

Reference Number

HUD - 08-03

Condition

The Authority has allowed two (2) employees to live rent and utility free in two (2) dwelling units for a period of at least 29 months.

Corrective Action

The Authority may either request HUD approval to house employees in public housing units or the two employees should immediately move-out of the units and the units should be rented to qualified applicants from the waiting list. Regardless of which option is chosen, you must provide evidence to show that the receipt of fringe benefits in the form of free lodging has been reported to IRS for the calendar years of 2005, 2006 and 2007.

Current Status

Unresolved.

The Authority will compute the rent amount due to the Authority by the two employees and submit corrected information to the IRS as a fringe benefit for that period of time. This action will be taken in consultation with HUD for a final resolution of the matter.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section V - Other Matters, Continued

Reference Number

HUD - 08-04

Condition

The Authority does not have a Board approved operating budget for 2006, 2007, or 2008. The Authority was unable to provide evidence that the Board had complete monitoring oversight of the operating budget.

Corrective Action

The Authority must establish a financial management policy and procedure and implement the practices in accordance with Federal and State law. The Board must conduct a meeting at least once annually to review and approve the operating plan of the agency. The Board is responsible for monitoring the budget for overruns and soundness. Submit a copy of the Board approved policy and procedures for financial management, and an approved copy of current operating budget accompanied by a resolution acknowledging compliance.

Current Status

Resolved.

Board approval of budgets for 2010, 2011, 2012 and 2013 have been submitted and approved by HUD. Will attempt to get written verification from HUD. However, we do have board resolution and executed approved budgets on file.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012**

Section V - Other Matters, Continued

Reference Number

HUD - 08-06

Condition

The Authority continues to carry the residents from the Washington Heights site on the rental register. This site was destroyed by Hurricane Katrina in August, 2005. The Authority continues to add rental charges each month to those tenant's accounts.

Corrective Action

The Authority must maintain an accurate rental register on-site with the following information: tenant name, unit number, previous balance (if any), amount of rent charged for the month, other charges, amount paid, balance, and amount of security deposit on deposit. The Authority must delete the vacant tenants from the rental register. The Authority must submit a copy of the corrected rental register to the New Orleans HUD office.

In addition, the Authority must make an attempt to contact the former residents of the Washington Heights site who have relocated and refund security deposits that are due to them. In the event the residents are not found, the Authority must make a notation of the residents involved and maintain the deposits as payable to the residents. Submit a copy of the Board resolution confirming compliance to our office.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

EXIT CONFERENCE

The financial statements and all related reports, exhibits and schedules were discussed at an exit conference. Management is in agreement with the content of this report. Those that participated in the conference:

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Ms. Shelia Danzey	--	Interim Executive Director
Ms. Susan Vaughn, CPA,	--	Fee Accountant
Ms. Lesia Smooth	--	Project Manager (Public Housing)
Ms. Lorraine Cox	--	Project Manager (Section 8)
Ms. Heather Frazier	--	Administrative Assistant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
Mr. Armand Pinkney	--	Manager
Mr. Ashley Frank	--	Staff Accountant



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Management of Housing Authority of the City of Slidell (the Authority) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements as of and for the year ended March 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior years' other matters. We previously reported on the Authority's internal control in our report dated September 28, 2012. This letter does not affect our report dated September 28, 2012 on the Authority's internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience, and to perform any additional study of these other matters.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012

The following is a listing of the current year's other matters related to internal control:

Reference Number

OM 2012-01

Condition

At March 31, 2012, the general ledger does not accurately reflect compensated absences payable.

Recommendation

Management should resolve the issues surrounding its ability to conclude on employee leave balances and to properly state its obligation for earned and unused vacation time.

Management's Response and Planned Corrective Action

The Authority will present a plan to the Board to establish a leave threshold taking into consideration the lack of documentation of leave earned and taken prior to January 1, 2013. Plan will be presented to the Board by December 30, 2012. For fiscal year 2011-12, leave information is accurate, however, prior year's information needs to be adjusted and those corrections will be brought forward in the general ledger.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012, CONTINUED

Reference Number
OM 2012-02

Condition

The March 31, 2012 subsidiary capital assets ledger revealed variances ranging between \$20 to \$4,800 for the 1405, 1406, 1450, 1465 and 1475 sub-account categories as compared to the respective general ledger control accounts.

Recommendation

Management should resolve the current out-of-balance condition and revisit with its established policies and procedures to ensure the timely resolution of all out-of-balance conditions.

Management's Response and Planned Corrective Action

The capital asset policy was amended on September 1, 2012 to include capital asset items that meet the threshold in the aggregate.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2012, CONTINUED

Reference Number

OM 2013-03

Condition

The Authority has the in-house capacity to design and generate reports outside of its current TENMAST software. We noted an instance where a report generated as a HAP register did not agree to the TENMAST system report.

Recommendation

We recommend that all reports designed and generated from the Authority's system should be aligned with the system's data at the general ledger level.

Management's Response and Planned Corrective Action

Management will review self-generated reports to ascertain if there are inconsistencies in information in both formats considering the purposes of the self generated reports.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2012, CONTINUED

Reference Number

OM 2012-04

Condition

Currently, the Authority uses a cost allocation methodology to allocate shared payroll costs. However, the time cards prepared to support the time and effort by staff do not indicate the specific program charged in instances where personnel have varying program responsibilities.

Recommendation

We recommend that management consider a time reporting process that will facilitate identification of the specific program charged based on work effort.

Management's Response and Planned Corrective Action

Management will implement a new timesheet reporting system effective October 15, 2012. Management will also re-evaluate its collection of back-up data, for instance, postage usage, printing, copying, supplies, etc.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR

The following is a status of prior year's other matters related to internal control:

Reference Number

OM 2011-01

Condition

Two (2) Low Rent Housing Program tenants, who moved out on April 30, 2010 (information based on move-out report), had no dwelling rental reflected in the rental register for the month ended April 30, 2010.

Recommendation

Management should continue to implement procedures geared toward the completeness in its rent roll.

Current Status

Partially resolved. By December 2012, the Board of Commissioners will consider 1) a retro charge; 2) collection if charged and/or a write-off if warranted.

Reference Number

OM 2011-02

Condition

Based on our review of a Housing Choice Voucher Program tenant file, we noted an instance where an incorrect inspection date was reported.

It is our understanding through discussion with the project manager that the date had to be manipulated to force an upload to the "PIC" system based on consultation with the Authority's software provider.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2011 AND PRIOR, CONTINUED

Reference Number, Continued

OM 2011-02

Recommendation

Management should revisit this issued with its software vendor to ensure the integrity of all inputted data.

Current Status

Resolved.

Reference Number

OM 2011-03

Condition

For the Housing Choice Voucher Program, we noted an instance where the date of birth for a dependent was incorrectly inputted. Correction was made by management subsequent to year end.

In six (6) of fifteen (15) documents reviewed for the Housing Choice Voucher Program asserting rent reasonableness by the Authority we were unable to verify the specific move in property address to the comparable units, therefore providing for an independent trail.

Recommendation

Management should review its rent reasonableness process to ensure its completeness to include the use of current data.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number, Continued

OM 2011-03

Current Status

Resolved. Data is presently inputted every quarter. The Authority is not required by regulation to conduct rent reasonableness as part of the re-certification process. Effective November 1, 2012, the Authority will only perform rent reasonableness test on new contract and request for rent increases. Rent reasonableness data is updated in the system quarterly.

Reference Number

OM 2011-04

Condition

At March 31, 2011, the Authority has not prepared and submitted HUD Form 60002.

Recommendation

Management should prepare and submit Form HUD 60002.

Current Status

Unresolved. Management will complete by December 31, 2012.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010 AND PRIOR, CONTINUED

Reference Number
OM 2009-01

Condition

The December 31, 2009 and March 31, 2010 bank reconciliations included the following:

- o \$38,633 in stale dated checks at March 31, 2010, with some of the checks dating as far back as October 2007.
- o Unlocated supporting documents for check number 25133 for the amount of \$2,133.64 in the March 31, 2010 bank account reconciliation.
- o Out of balance condition amounting to \$1,457.63 in the March 31, 2010 bank account reconciliation.
- o Lack of a void check policy.
- o No evidence of supervisory review beyond the preparer for the bank account reconciliations.

Recommendation

Management should re-evaluate its current policies and procedures with an aim towards resolution of the above described condition.

Current Status

Unresolved. See current year's finding reference number 2012-04. Management has re-evaluated and reviewed current policies affecting the referenced conditions and has amended existing policies and procedures to address these issues.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2010 AND PRIOR, CONTINUED

Reference Number

OM 2010-01

Condition

At March 31, 2010 the tenant security deposit amount reflected on the general ledger was contrary to the account's normal balance of a credit amount. The incorrect debit balance of \$3,010 was also not in agreement with the amount reflected as tenant security deposit cash amount of \$4,821. Further the Authority could not provide us with a detail tenant security deposit subledger.

Recommendation

Management should reconcile the tenant security deposit account to aligned with the amounts collected and held on behalf of tenants. Further, a separate bank account should be used to eliminate the commingling of restricted funds.

Current Status

Resolved. Auditor was provided with tenant security deposit subledger.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010 AND PRIOR, CONTINUED

Reference Number

OM 2010-02

Condition

Unauthorized on-line transfer of construction funds in the amount of \$52,500 to fund retirement benefits for the former executive director. The current disbursement policy requires two signatures on all payments.

Authorized and/or approved invoices and/or supporting documentation were unavailable for our review.

Further, we were unable to verify the accuracy of the contribution of \$52,500. The board resolution directed contribution for prior year services. However, the salary amount used was \$75,000 (contract executed on July 29, 2009). The board resolution authorizing the chairman of the board to execute a contract with the former executive director states "the contract will be effective on the date executed...." without exception. Nevertheless, the executed contract reads "effective as of June 9, 2008...."

Recommendation

The Authority should revisit with its disbursement policy to ensure compliance by all employees charged with disbursement responsibility. Also, current management should review the board's intent in the authorization for the execution of a contract with the former executive director to ensure the propriety in payments made.

Current Status

Resolved. The Authority and Board have reviewed its disbursement policy and policies were put in place to institute checks and balances. The ACH system for Chase Bank does not allow the batch list creator to approve the release of funds. The person authorized to release funds cannot change the batch list. Two signatures are required on all checks. The Executive Director does not sign any checks, she is the payee. She also does not sign or approve any invoices or checks for the fee accountant.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2010 AND PRIOR, CONTINUED

Reference Number

OM 2010-03

Condition

Interfund balances were not properly researched and reconciled to ensure that:

- o Interfund balances represent valid receivable and/or payables to and/or from the respective programs; and
- o Interfund balances net to zero.

Recommendation

Management should ensure the timely and accurate reconciliation of all interfund activities on a periodic basis. The reconciliation should ensure that the balances net to zero.

Current Status

Partially resolved. Management is comfortable that the inter-fund balances for fiscal year 2012 will work to resolve any prior year out-of-balance interfund and take the necessary corrective action.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2010 AND PRIOR, CONTINUED

Reference Numbers

OM 2010-04 and 2009-06

Condition

Inadequate system and number of personnel in place to ensure the timely development and implementation of updates to various policies and procedures (such as internal control, housing program administrative plan, travel policy, financial management policies, personnel policy, and occupancy standards, etc.) affecting its financial reporting and program compliance requirements.

We also noted that the current financial management policy adopted by the Board does not align with the various practices of the Authority.

Recommendation

We recommend the continued training of staff with financial and program responsibilities to include access to various program compliance changes or updates in order to assist in the timely development and implementation of regulatory changes.

Current Status

Resolved. Financial policies are in place as of July 2011; these policies have been amended as necessary. We will continue to ensure that policies are being adhered to by staff. Management will be addressing the update of personnel, travel, etc. On September 19, 2012, the Board approved the amended Administrative Plan.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010 AND PRIOR, CONTINUED

Reference Number

OM 2010-05

Condition

HUD has initiated a review of the restricted net assets for all housing authorities. For the March 31, 2010 year end, the Authority has received an estimated net restricted asset balance for its Voucher Program for its concurrence.

Recommendation

Management should review the calculation and compare the amount to its general ledger recorded balance. Any resulting reclassification entries between the restricted and unrestricted net assets should be prepared and posted accordingly.

Current Status

Partially resolved.

Management has removed and concurred with the restricted net assets balances as of March 31, 2011 and December 31, 2011 with HUD after reviewing the HUD CAPS, bank reconciliations and HAP registers for the period 2005-2011.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number

OM 2010-06

Condition

The U. S. Department of Housing and Urban Development (HUD) requires housing authorities to include as supplementary information with the basic financial statements, as well as submit in electronic format, Financial Data Schedules (FDS).

Recommendation

All outstanding FDS reports should be filed and a system developed and implemented to ensure the timely filing of all future reports.

Current Status

Partially resolved. All unaudited data have been submitted timely and filed. The audit for 2009, 2011 and 2012 will be submitted before the 2012 December deadline.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2011 AND PRIOR, CONTINUED

Reference Number

OM 2009-02

Condition

The budgets required by HUD for the 2009 and 2010 fiscal years were not submitted in the required format.

Recommendation

Management should establish a global reporting matrix to ensure the timely and accurate submission of all required HUD reports.

Current Status

Resolved. Budgets for 2011, 2012, 2013 have all been submitted and approved by HUD.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number
OM 2009-03

Condition

The Authority continues to face challenges impacting its ability to prepare on a timely basis reconciliation between the detail subsidiary ledgers and the general ledger control account balances for the Authority's significant accounts in its Low Rent, Voucher and Capital Fund Programs.

Recommendation

Management should continue in its effort to complete the reconstruction process to facilitate the timely reconciliations of all significant accounts.

Current Status

Resolved.

Reference Number
OM 2009-04

Condition

At the start of fieldwork, we noted no complete bank account reconciliations prepared for the Housing Choice Voucher and Low Rent Programs for the months from April 2008 through March 31, 2009.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number, Continued

OM 2009-04

Recommendation

Management should ensure the timely preparation of complete bank account reconciliations to include the preparation and posting of all adjustments resulting from the reconciliation process.

Current Status

Resolved. Bank reconciliations are done by the 10th of each month for review by the Executive Director.

Reference Number

OM 2009-05

***Condition**

Currently, the Authority's leased-up levels (Voucher and Public Housing Programs) have been significantly impacted by the events of hurricane Katrina.

Recommendation

We recommend that management continue to explore avenues to increase its current leased-up levels.

Current Status

Unresolved. On target for lease-up by the end of calendar year 2012 for the funds available under our budget authority. ACC units for HCV is 612. Based on annual budget authority and the largest percentage of rents that we pay on clients behalf, we calculated our lease-up to be approximately 455 units..

***Repeat**

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number

OM 2009-07

***Condition**

The Authority does not maintain a current capital assets subsidiary ledger to account for all capital assets. Also, a depreciation schedule is not maintained with the periodic expense recorded on a timely basis.

Recommendation

We recommend that a capital assets schedule should be prepared to include the periodic depreciation computation and recordation. The schedules should be updated monthly.

Current Status

Partially resolved. See the current year's section of this report for reference number OM 2012-02.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2011 AND PRIOR, CONTINUED

Reference Number

OM 2009-08

***Condition**

The Authority has not performed a comprehensive assessment of the costs associated with managing its various housing programs. Such a process should include a review of various costs allocated to the respective programs.

Recommendation

We recommend that management of the Authority undertake a comprehensive evaluation of its programs with an intent to align various programs to attain efficiency and cost containment.

Current Status

Unresolved. See current year's section of this report for reference number OM 2012-04.

The Authority prepares an allocation of cost each month. Effective October 15, 2012, new timesheets will be used to further support personnel cost allocation. The Authority will also review its format for back-up documentation to support our allocations.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2010 AND PRIOR, CONTINUED

Reference Number

OM 2007-01

***Condition**

For the test month of September 2007, we were unable to trace rent collections by tenant to the validated bank deposits either individually or by batch as the validated deposit slips were unavailable.

Two (2) payments made to a credit card account lacked supporting documents to evidence the type of expenses incurred to include their allowability.

All sixteen (16) disbursements selected lacked evidence of cancellation to prevent the potential for further use.

Eleven (11) of sixteen (16) disbursements reviewed revealed absence of any evidence to support the clerical verification of the invoices prior to payment.

Eleven (11) of sixteen (16) disbursements reviewed lacked the appropriate evidence to facilitate our determination of the allowability of expenses incurred.

For thirteen (13) of the sixteen (16) transactions selected, we were unable to ascertain that the expenses have been charged to the appropriate cost category.

Recommendation

Management should re-evaluate its current internal control processes with an aim towards ensuring its completeness.

Current Status

Unresolved. See current year's finding reference number 2012-02.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

The Authority's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit the Authority's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

September 28, 2012